***You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [REDACTED] *in our H Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The* [REDACTED] *of our H Shares could decline due to any of these risks, and you may lose all or part of your* [REDACTED]. *In particular, we are a biotechnology company seeking to* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [REDACTED] *in companies such as ours.***

## RISKS RELATING TO THE DEVELOPMENT OF OUR DRUG CANDIDATES

### We may not obtain regulatory approval for ziresovir, our Core Product, and any delay or failure to obtain such approval would materially harm our business.

We submitted our first NDA for ziresovir to the NMPA in December 2022. During the NMPA's review process, the NMPA proposed that we conduct supplementary Phase III clinical trials with an enlarged patient population in accordance with FDA guidelines to generate additional safety and efficacy data. Following careful consideration of the NMPA's requirements and the potential timeline implications, we made the strategic decision to withdraw our initial NDA submission in February 2024 in order to conduct the requested additional clinical trials. We completed the new Phase III clinical trial in April 2024 and submitted a new NDA for ziresovir in August 2025. While we believe the data from our completed Phase III trial supports the safety and efficacy of ziresovir, there can be no assurance that the NMPA will find our clinical data sufficient or that we will obtain regulatory approval.

Even if we successfully address the NMPA's prior concerns through our additional Phase III trial, the NMPA may raise new questions or concerns during its review of our current NDA submission. The NMPA may determine that our clinical trial design, patient population, endpoints, or statistical analyses are inadequate, or may require additional long-term safety data before granting approval. Any such requirements could result in substantial delays, require us to expend significant additional capital, and potentially require us to conduct further clinical trials. If we experience further delays in obtaining NDA approval, or if we ultimately fail to obtain approval, we will be unable to commercialize ziresovir. Any failure or substantial delay in obtaining regulatory approval of ziresovir would have a material adverse effect on our business, financial condition, results of operations, and prospects.

***Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to commercialize our drug candidates on a timely basis.***

Clinical trials are expensive and can take many years to complete, while their outcomes are inherently uncertain. Failure can occur at any time during the clinical development process. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates during later stages of clinical trials may fail to show the desired outcomes in safety and efficacy. In any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. We cannot guarantee that our future clinical trial results will be favorable based on the current available clinical and pre-clinical data.

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

Before obtaining regulatory approval for the commercial sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates for their proposed indications. We may conduct clinical trials with larger subject sample sizes as our clinical trial plan advances, and our drug candidates may not show the promising safety and efficacy results that were observed in earlier clinical trials. Undesirable adverse events caused by our drug candidates could cause us or regulatory authorities to interrupt, delay, suspend or terminate clinical trials and result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, FDA, or other applicable regulatory authorities. Results of our clinical trials could reveal a high and unacceptable severity or prevalence of adverse events. In such an event, our clinical trials could be suspended or terminated and the NMPA, FDA, or other applicable regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. Adverse events could affect subject enrollment or the ability of enrolled subjects to complete the trial, and result in potential product liability claims.

***Our drug candidates may cause undesirable side effects.***

Our clinical trials, or those of any future collaborator, may indicate an apparent positive effect of a drug candidate that is greater than the actual positive effect, if any, or alternatively fail to identify undesirable side effects. In addition, with a limited number of patients, we may not be able to identify rare and severe side effects of our drug candidates that may only be uncovered with a significantly larger number of patients. Safety issues or adverse side effects related to our drug candidates or products, including those identified after marketing approval, could lead to regulatory restrictions or enforcement actions, labeling or use limitations, and requirements for additional studies and monitoring. Any of these events could prevent us from maintaining regulatory approval or market acceptance of the affected drug candidates and could substantially increase the costs and difficulties of commercializing our drug candidates, if approved, and significantly undermine our ability to generate revenue.

***We may not be able to discover new drug candidates.***

We may fail to discover new drug candidates for clinical development for a number of reasons. Research programs to discover new drug candidates and new formulations or pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources. Our research programs may initially show prospects in discovering new drug candidates or new formulations or developing additional potential indications, yet fail to yield results for clinical development. We may not be able to successfully expand our drug portfolio, which could materially adversely affect our future growth and prospects.

***We invest substantial resources in research and development in order to develop our products and enhance our technologies, which we may not always be able to do successfully.***

The global biopharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. We intend to continue to strengthen our technical capabilities in the development and manufacture of our products, which are capital and time intensive. 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, if such products are introduced, that those products will achieve or maintain market acceptance. Any failure to do so may render our efforts obsolete, which could significantly reduce demand for our products and harm our business and prospects.

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients or participants to participate in these trials, or if there are delays in the enrollment of eligible patients or participants as a result of the competitive clinical enrollment environment. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including design and eligibility criteria for the clinical trial in question; perceived risks and benefits of the drug candidate under study; our resources to facilitate timely enrollment in clinical trials; availability of competing therapies also undergoing clinical trials; our investigators' or clinical trial sites' efforts to screen and recruit eligible patients or participants; and proximity and availability of clinical trial sites for prospective patients or participants. In particular, we may encounter delays or difficulties in designing and organizing clinical trials for pediatric drug candidates. Pediatric clinical trials have special features compared with trials in adults, including, but not limited to, scientific issues related to small samples and heterogeneity, the consent/assent procedure, the need for age-appropriate study information, specific outcomes and safety issues related to development and maturation.

***If we cannot maintain or develop clinical collaborations and relationships with our PIs, KOLs, physicians and experts, our results of operations and prospects could be adversely affected.***

We cannot assure you that we will be able to maintain or strengthen our clinical collaborations and relationships with our PIs and KOLs, physicians and experts, 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. Even if they continue to cooperate with us, their market insights and perceptions, which we take into account in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. Industry participants may no longer want to collaborate with us or attend our conferences, and our marketing strategy may no longer be able to yield results that are commensurate to our efforts spent. If we are unable to develop 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.

***Any disagreements or delays within the joint steering committee for certain of our programs may adversely affect our product development and achievement of milestones.***

Certain of our research and development programs are overseen by a joint steering committee (the "JSC") jointly formed with our partners to coordinate key decisions such as development priorities, budget allocation and milestone planning. The JSC serves as an important mechanism to facilitate communication and alignment; however, as JSC decisions generally require consensus, differences in opinions or priorities among members may lead to inefficiencies, delays or even deadlocks, which could in turn delay the progress of the relevant development programs. For other collaborations that do not involve a JSC, we manage operations directly or through other coordination mechanisms, which may present different operational risks. In addition, we may not have full decision-making control in programs governed by a JSC, and any prolonged disputes or misalignment within the JSC could result in additional time and costs and could negatively impact the progress of affected programs as well as our overall business, financial condition, results of operations and prospects.

## RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

***We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.***

We are a clinical stage biotechnology company with a limited operating history. We may not be able to successfully manufacture, obtain marketing approvals for or commercialize our drug candidates. We have no products approved for commercial sale and have not generated any revenue from product sales. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history. We are focusing on the discovery and development of innovative drugs for the treatment of various respiratory and lung diseases, among other disease areas. Our limited operating history, particularly in light of the rapidly evolving drug research and development industry in which we operate and the changing regulatory and market environments we encounter, may make it difficult to evaluate our prospects for future performance. As a result, any assessment of our future performance or viability is subject to significant uncertainty.

***We have incurred significant net losses since inception, and we may continue to incur net losses and may fail to achieve or maintain profitability in the future.***

We have incurred significant expenses related to the research and development of our drug candidates. For the years ended December 31, 2024 and 2025, our research and development expenses amounted to RMB165.3 million and RMB152.9 million, respectively. As a result, we recorded net losses of RMB197.4 million and RMB227.8 million for the years ended December 31, 2024 and 2025, respectively. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we continue to advance the clinical trials and pre-clinical studies of our drug candidates. Even if we are able to generate revenue from the sale of our drugs, we may not be able to achieve, sustain or increase profitability on an ongoing basis. Failure to become and remain profitable may also adversely affect the [**REDACTED**] of our Shares. A decline in the [**REDACTED**] of our H Shares could cause potential [**REDACTED**] to lose all or part of their [**REDACTED**] in our business.

***We had net operating cash outflows during the Track Record Period. Even if we consummate the* [REDACTED]*, we may need to obtain substantial additional financing to fund our operation and expansion.***

We had operating cash outflows of RMB188.7 million and RMB151.9 million in 2024 and 2025, respectively. We expect our expenses to increase significantly in connection with our ongoing activities, particularly as we advance the clinical development of our clinical-stage drug candidates, continue the research and development of our pre-clinical and IND stage drug candidates and our platforms, initiate additional clinical trials of, and seek regulatory approval for, these and other future drug candidates. We may need to obtain substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements, or other sources. Adequate additional funding may not be available to us on acceptable terms, or at all.

***We have historically received financial incentives, such as government grants and tax benefits, and we may not receive such incentives in the future.***

We have historically received various government grants, including grants from local PRC government authorities to support the research and development for our drug candidates. We recognized government grants as other income of RMB8.0 million, and RMB3.5 million for the years ended December 31, 2024 and 2025, respectively. There is no assurance that we could continue to enjoy the government grants described above at the historical levels, or at all. Any change, suspension or termination of these government grants to us may have a negative impact on

our business, financial condition and results of operations. During the Track Record Period, we also enjoyed certain tax benefits, including tax refunds from the Australian government for our qualifying research and development expenditures. Some of our PRC subsidiaries may also be eligible for preferential income tax rates in the future. Any change, suspension or termination of these tax benefits or preferential rates may have an adverse impact on our business, financial condition and results of operations.

***We are exposed to risks in connection with the wealth management products we purchased.***

We may from time to time purchase low-risk wealth management products. Our wealth management products are recognized as financial assets at fair value through profit or loss, which amounted to RMB201.1 million and RMB74.1 million as of December 31, 2024 and 2025, respectively. The returns of our investments on the wealth management products are not guaranteed. We measured these financial assets at fair value through profit or loss, and we are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded in profit or loss, and therefore directly affect our results of operations. In addition, fair value of such assets is estimated based on unobservable inputs, such as expected interest rate per annum. The actual changes of any unobservable input may result in changes of the valuation of such assets. If there is any decrease of fair value on financial assets due to the change of the valuation of such financial assets, our financial conditions will be adversely affected.

***Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.***

In recognition of the contributions of our employees and to incentivize them to further promote our development, we have established certain employee shareholding platforms, namely Ark Zhenmou, Aibaiyi, Green Genesis, and Aierkai, which held approximately 1.14%, 1.16%, 2.02%, and 2.51% of our issued Shares, respectively, as of the Latest Practicable Date. We recognized total share-based payment compensation expenses of RMB29.4 million and RMB45.7 million for the years ended December 31, 2024 and 2025, respectively. For details, please see "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of Our Group — Establishment of Our Employee Shareholding Platforms." Issuance of additional Shares with respect to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

## RISKS RELATING TO OBTAINING REGULATORY APPROVAL OF OUR DRUG CANDIDATES

***Any failure to comply with relevant laws and regulations may adversely affect our business and results of operations.***

All jurisdictions in which we intend to conduct our biopharmaceutical industry activities regulate these activities in great depth and detail. We intend to focus our activities primarily in China and the U.S., among other potential markets. These jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ extensive regulations governing the development, approval, manufacturing, marketing, sales and distribution of pharmaceutical products. Differences in regulatory regimes across jurisdictions may lead to a higher compliance burden. The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications; withdrawal of an approval; license revocation; clinical hold; voluntary or mandatory product recalls; product seizures; total or partial

suspension of production or distribution; injunctions, refusals of government contracts; injunctions, fines and other civil or criminal penalties. Failure to comply with these regulations could therefore have a material adverse effect on our business.

***The regulatory approval processes are time-consuming and may evolve over time, and we may be ultimately unable to obtain regulatory approval for our drug candidates.***

We may fail to obtain regulatory approvals for our other existing drug candidates or any drug candidates we may discover, in-license or acquire and seek to develop in the future. For example, we, in agreement with the NMPA, withdrew the NDA application for ziresovir for the treatment of infants and young children aged 1 to 24 months in February 2024 and conducted a supplemental phase III clinical trial for ziresovir in China. As a result, we had to postpone the commercial launch of ziresovir in China and incur higher R&D costs with respect to the supplemental phase III clinical trial and NDA application. For details, see "Business — Respiratory Disease Portfolio — RSV — Ziresovir — NDA Stage Core Product."

Our drug candidates may fail to obtain marketing approval from the NMPA, the FDA or other comparable regulatory authorities due to, among other things, (i) regulatory disagreement with the design, conduct or analysis of our pre-clinical studies and clinical trials (including our interpretation of the data and the required level of statistical significance), (ii) inability to demonstrate adequate safety, efficacy and/or potency for the proposed indications, (iii) deficiencies identified in regulatory audits or inspections (including GCP inspections of our clinical trial processes and sites and/or findings that could result in the rejection or invalidation of trial data), and/or (iv) changes in, or evolving expectations under, applicable approval policies, regulations or scientific/technological standards that render our data package insufficient for filing and/or approval, which could delay, limit or prevent commercialization of our drug candidates.

***We may not be able to comply with ongoing regulatory obligations and continued regulatory review even if we receive regulatory approval for our drug candidates.***

Once our drug candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, post-marketing studies, and submission of safety, efficacy, and other post-market information in China, and in our potential overseas markets. The NMPA, FDA or other applicable regulatory authorities may withdraw its approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the drugs reach the market. The NMPA, FDA and other applicable regulatory authorities also strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label.

***Changes in government regulations or in practices relating to the biopharmaceutical industry may result in additional costs.***

Changes in government regulations or in practices relating to the biopharmaceutical industry, such as an increase in regulatory requirements which may cause difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects. Furthermore, our licensing partners gain exposure to the China market through license arrangements with us. If China modifies regulations which materially and adversely affects collaboration with foreign pharmaceutical or biopharmaceutical companies, our business, financial condition, results of operations and prospects may be materially and adversely affected as well. Emerging U.S. laws, executive actions, and procurement/export controls targeting biotech supply chain and data security could restrict or discourage collaborations with certain China-based CROs/CMOs. If enacted or applied via statute, executive order, guidance, or funding rules, these measures may force us to replace vendors, transfer know-how, revalidate CMC/manufacturing, amend regulatory filings, and qualify new suppliers, leading to delays, higher costs, and operational disruption.

## RISKS RELATING TO COMMERCIALIZATION OF OUR DRUG CANDIDATES

***We have limited experience in commercializing our drug candidates.***

As part of our business strategies, we will continue to enhance our in-house commercialization capabilities. See "Business — Business Strategies." However, we have yet to demonstrate our capabilities in commercializing any of our drug candidates. This process is challenging and uncertain and requires significant investment of time and resources. In particular, we have not initiated production at a commercial scale, or arranged for a third party to do so on our behalf, or engaged in extensive sales, marketing and distribution activities necessary for the successful launch of our drug candidates. We may need to spend significantly more time and capital resources before we are able to build up our sales and marketing team and sales network, and we cannot guarantee you that we will generate sales revenue after such substantial efforts. We will also need to compete with other biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. We may also pursue collaborative arrangements for the sales and marketing of our drugs by, for example, partnering with established contract sales organizations to leverage their existing sales networks in China. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or, if we are able to do so, that such arrangements will lead to satisfactory outcome.

***We may face intense competition and rapid technological change and the possibility that our competitors may develop better therapies.***

The biopharmaceutical industry is intensely competitive and subject to rapid and significant technological change. We face competition with respect to our current drug candidates and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future. Our competitors include major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide, as well as academic institutions research organizations. We are developing our drug candidates in competition with a number of large biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the same indications. For details, see "Industry Overview." Many of our competitors have significantly greater financial, development, manufacturing, marketing, sales and supply resources or experience than we do. Our commercial opportunity and success will be reduced or eliminated, if any competing products become available that are more effective or cost-efficient than ours.

***RSV prevention drugs and RSV vaccines may affect the target population of our Core Product.***

Our Core Product, ziresovir, is a therapeutic drug specifically targeting RSV infection, which we have submitted its NDA application to the NMPA in August 2025. Currently, there are also other RSV therapeutic drugs. For example, a broad-spectrum antiviral drug not specifically targeting RSV has been approved for RSV treatment. In addition, we also face competition of RSV prevention drugs and RSV vaccines. According to CIC, as of the Latest Practicable Date, three RSV prevention drugs were approved globally, namely palivizumab, nirsevimab and clesrovimab, and three RSV vaccines had been approved for use in high-risk RSV adults and no RSV vaccines had been approved for use in infants and young children. Furthermore, according to CIC, as of the Latest Practicable Date, there were six RSV prevention drugs under clinical development and four RSV vaccines under or beyond phase II clinical trial which, if ultimately approved, may significantly result in a decrease in vulnerable population to RSV infection. In such event, our financial conditions and results of operations may be materially and adversely affected.

***Our drug candidates may fail to achieve market acceptance for commercial success.***

Even if we are able to receive the requisite regulatory approvals of our existing and future drug candidates, such drug candidates may fail to gain sufficient market acceptance by physicians, patients, third-party payers and other relevant parties in the medical community. If drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from our product portfolio and we may not become profitable. The commercial success and market acceptance of our drug candidates, if approved, will depend on various factors, including the scope of approved indications and labeling , physicians' and patients' perceptions of their safety, efficacy and advantages relative to existing or competing therapies, the prevalence and severity of side effects, the timing of market entry, pricing and cost relative to alternative treatments, the availability and extent of coverage and reimbursement under the NRDL and other government or third-party payer programs (as well as patients' willingness to pay out-of-pocket), the convenience and ease of administration, and the effectiveness of our sales and marketing efforts.

***Even if we are able to commercialize any approved drug candidates, reimbursement may be limited or not immediately available for our drug candidates.***

The inclusion or exclusion of a pharmaceutical product in the NRDL may significantly affect the demand for such drug in China. We plan to seek inclusion of our drug candidates, especially, our Core Product, ziresovir, into the NRDL. However, we cannot be sure that reimbursement will be available for any drug that we commercialize, including ziresovir, and, if reimbursement is available, what the level of reimbursement will be. In order for our product being included in the NRDL, we may have to reduce the pricing of our drugs. There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved by the NMPA, the FDA, or other comparable regulatory authorities. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates could materially adversely affect our business, financial condition, results of operations and prospects. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates could materially adversely affect our business, financial condition, results of operations and prospects. We may also have to adjust our pricing strategies if our drug products fail to be included in the NRDL.

***We may not be successful in establishing our manufacturing capabilities or manufacturing our products.***

The manufacture of biopharmaceutical products is a complex process, in part due to strict regulatory requirements. As part of our business strategies, we may consider to gradually establish our own manufacturing facilities. If we are unable to identify an appropriate production site or a suitable partner to develop our manufacturing infrastructure, or fail to do so in a timely manner, this may lead to delays in the manufacturing of our drug candidates once regulatory and marketing approvals have been obtained. In addition, issues may arise during the manufacturing process for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, delays related to the construction of new facilities or expansion of any future manufacturing facilities, natural disasters and environmental factors, among others.

***We may not be able to maintain effective quality control over our drug candidates.***

The quality of our drug candidates depends 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 protocol. See "Business — Quality Management System." However, we cannot assure you that our quality control and quality assurance procedures will be effective in

consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products unsuitable for use, adversely affect our ability to comply with applicable current GMP requirement, jeopardize our production permits we have and/or harm our market reputation and relationship with business partners. Any such events may have a material adverse effect on our business, financial condition and results of operations.

***We may explore collaboration opportunities on product commercialization and development worldwide, which will expose us to additional risks of conducting business in additional international markets.***

Overseas markets are an important component of our growth strategy. We plan to explore market opportunities overseas, where we believe there is substantial demand for our drug candidates, and we intend to identify and collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. We may also engage in licensing, co-development and co-promotion arrangements with global MNCs, and continue to conduct certain of our clinical trials abroad. For more details, see "Business — Business Strategies." Our international expansion and related sales, marketing and distribution activities may expose us to additional risks that could materially adversely affect our ability to achieve or sustain profitable operations. These risks include increased costs and management distraction associated with entering into collaboration or licensing arrangements, difficulties in identifying and managing qualified partners and enforcing contractual rights in foreign jurisdictions, exposure to trade restrictions, adverse economic conditions, compliance with complex tax, employment, immigration and labor laws, potential adverse foreign tax consequences, workforce instability, non-compliance by our employees or third-party partners with applicable laws , and business disruptions resulting from geopolitical events or natural disasters. Any of the foregoing may impair our ability to procure equipment and raw materials or to generate and sustain revenues from international markets.

***Counterfeit pharmaceutical products and the illegal and/or parallel import of competing drugs may reduce demand for our drug candidates.***

The regulatory control and law enforcement system in relation to counterfeit pharmaceutical products, particularly in developing markets such as China, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products. A patient who receives a counterfeit pharmaceutical product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaborators' brand names. In addition, theft of inventory at warehouses, plants or while in-transit, which is not properly stored and which is sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

Upon commercialization of our drug candidates, the illegal import of competing drugs 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, cross-border imports from lower-priced markets (parallel imports) into higher-priced markets could harm sales of our existing and future approved drugs and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers' ability to import lower priced versions of our future approved drugs or competing drugs from outside China or other countries where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China or other countries where we operate could have a material adverse effect on our business.

## RISKS RELATING TO RELATIONSHIP WITH THIRD PARTIES

***If we cannot maintain relationships with our key business partners or cannot establish or seek more collaborations and strategic alliances in the future, our results of operations and prospects could be adversely affected.***

We may from time to time establish or seek strategic alliances, initiate research and development collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates. Our proven track record of in-licensing and co-developing drug candidates includes in-licensing ziresovir from Roche, in-licensing AK3280 from Genentech, Intermune and Roche Basel, in-licensing AK0610 from Institute of Microbiology, Chinese Academy of Sciences, in-licensing AK0901 from Commave, and partnering with Calibr on the development of AK0705. However, collaborations with our key business partners are subject to numerous risks, including that our partners have significant discretion in determining the efforts and resources they apply to a collaboration and may not pursue, continue or renew the development and commercialization of our products based on clinical results, strategic priorities, competitive developments or funding considerations. Our partners may independently develop competing products, may not commit sufficient resources to marketing and distribution, and may fail to properly maintain or defend our intellectual property rights or use our intellectual property or proprietary information in a manner that results in litigation or potential liability. In addition, disputes may arise between us and our key business partners that delay or terminate research, development or commercialization, and any termination of a collaboration may require us to seek additional capital to advance the relevant products on our own.

***We may not be able to in-license new drug candidates with high potential.***

Historically, we have in-licensed a number of drug candidates. These candidates are important for our portfolio and in-licensing will remain important for our growth strategy. We cannot guarantee that we will be able to continue to successfully identify and in-license new drug candidates with high potential. In addition, we have limited financial resources, our resource allocation decisions may cause us to fail to capitalize on drug candidates that may later prove to have high commercial potential and profitable market opportunities. Further, if disagreements or disputes arise between us and our current licensing partners, our existing collaborations may be harmed, and we may not be able to in-license new drug candidates from our current licensing partners or other global pharmaceutical companies. As a result, we may not be able to successfully expand our drug portfolio and our future growth, and prospects may be adversely affected.

***In the future, we may depend on third parties to provide a stable and adequate supply of quality materials and drugs for our drug development and manufacturing needs.***

We expect to rely on third parties to supply raw materials and provide support for the research, development, manufacturing and commercialization of our drug candidates. In the event of significant price increases for such materials or services, we cannot assure you that we will be able to raise the prices of our drugs sufficiently to cover the increased costs, which may in turn have an adverse effect on our profitability. In addition, we cannot assure you that our suppliers will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and failure to do so by them may lead to interruption in their business operation, which in turn may result in shortage of materials supplied to us. Any interruption in our supply of materials due to any of the above or for any other reason would force us to procure supplies from replacement suppliers, which may not be available to us on commercially favorable terms or with sufficient quantities or at all. This in turn could have a material adverse effect on our business, financial condition and results of operations.

***If we lose our relationships with third party service providers, our drug development could be delayed.***

We rely on third-party service providers such as CROs and CDMOs for some of our pre-clinical studies and clinical trials related to our drug development efforts. Replacing or introducing new third-party service providers involves additional cost and requires management's time and focus. Identifying, qualifying and managing performance of third- party service providers can be difficult, time-consuming and cause delays in our development programs. In addition, there is a natural transition period when a new third-party service provider commences work, and the new party may not provide the same type or level of services as the original provider. If any of our relationships with our major third-party service providers are terminated, we may not be able to enter into arrangements with alternative third-party service providers or to do so on commercially reasonable terms, and we may not be able to meet our desired clinical development timelines.

## RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

***We may not be able to obtain sufficient intellectual property protection for our drug candidates.***

Our success depends in large part on our ability to protect our technology and drug candidates from competition by obtaining our intellectual property rights, including patent rights. If we are unable to obtain patent protection with respect to our drug candidates and technologies, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us without facing legal consequences. Our ability to successfully commercialize any drug or technology may be adversely affected, and our business, financial condition, results of operations and prospects could be materially harmed. The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all applicable territories. In addition, patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application, lack of novelty or inventiveness of the underlying invention or technology, among others.

Although we enter into confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, outside collaborators, CROs, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we would be the first to make the inventions claimed in our patents or pending patent applications or the first to file for patent protection of such inventions. China and the United States have adopted the "first-to-file" system under which whoever first files a patent application on the same invention will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, it is possible for a third party to be granted a patent relating to a technology which we invented.

***We may not be able to adequately maintain our intellectual property rights.***

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in courts or patent offices. Intellectual property laws, including patent laws, are continuing to change and evolve, and we cannot guarantee that changes to these laws in jurisdictions where we have registered or applied for patents or other types of intellectual properties would not adversely affect our intellectual property protection. Consequently, we do not know whether any of our technology or drug candidates will be protectable or remain protected by valid and enforceable patents. Furthermore, although extensions may be available, the life of a patent, and the protection it affords, is limited. Even if we successfully obtain

patent protection for an approved drug, it may face competition from generic drugs once the patent has expired. Upon the expiration of patents that may be issued from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected. In any event, our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies, drug candidates or products in a non-infringing manner.

***The scope of our intellectual property rights may be insufficient or subject to uncertainty.***

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China, the United States, or other countries or regions may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. The issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

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

Our intellectual property rights in other jurisdictions, if obtained, can have a different scope and strength compared to those in our target markets. In addition, the laws of certain jurisdictions do not protect intellectual property rights to the same extent as the laws of our target markets. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in markets such as the United States. Consequently, we may not be able to prevent third parties from using our inventions in all jurisdictions outside our target markets, or from selling or importing drugs made using our inventions into our target markets or other jurisdictions. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

***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 CNIPA, the USPTO and other applicable patent agencies in several stages over the lifetime of a patent. The CNIPA, the USPTO and other applicable patent agencies require compliance with a number of procedurals, 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 in the relevant jurisdiction. 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 submit formal documents. If we or our licensors fail to maintain the patents and patent applications covering our drug candidates or if we or our licensors otherwise allow our patents or patent applications to be abandoned or lapsed, our competitors might be able to enter the market, which would hurt our competitive position and impair our ability to successfully commercialize our drug candidates.

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

We own registered trademarks. We may not always be able to obtain and ensure trademark protection in territories that we consider of significant importance to us. In addition, any of our trademarks or trade names, whether registered or unregistered, may be challenged, opposed, infringed, cancelled, circumvented or declared generic, or determined to be infringing on other marks, as applicable. We may not be able to protect our rights to these trademarks and trade names, which we will need in order to build name recognition by potential collaborators or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be adversely affected.

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

In addition to patents, we rely on trade secrets and confidential information, including unpatented know-how and proprietary technology, to maintain our competitive position. We seek to protect such information through confidentiality and proprietary rights agreements with employees, collaborators, CROs, consultants, advisors and other third parties; however, these parties may breach such agreements, and we may be unable to obtain adequate remedies. Misappropriation claims can be difficult, costly and time-consuming to pursue, and if our trade secrets are lawfully obtained or independently developed by competitors, we may have limited ability to prevent their use, which could harm our competitive position. Many of our employees, consultants and advisors were previously employed by other pharmaceutical or biotechnology companies and may be subject to prior proprietary rights, non-disclosure or non-competition agreements. Although we seek to prevent the improper use of third-party intellectual property, we may be subject to claims alleging misappropriation or unauthorized disclosure. While we are not aware of any such threatened or pending claims as of the Latest Practicable Date, any such disputes could result in monetary damages, loss of intellectual property rights or personnel, substantial costs and management distraction. In addition, although we generally require assignment of intellectual property developed by our employees and contractors, such assignments may not be executed, may not be self-effectuating or may be challenged, potentially leading to ownership disputes, litigation, significant expense and adverse effects on our business and prospects.

***We may from time to time be involved in lawsuits to protect or enforce our intellectual property rights.***

Litigation relating to patents and other intellectual property rights is common in the pharmaceutical industry and inherently uncertain. Even if we are successful, such proceedings may result in substantial costs, reputational harm and management distraction, and confidential information could be compromised during discovery. To enforce our rights, we may need to initiate infringement claims, which are expensive and time-consuming, and defendants may counterclaim that our patents are invalid, unenforceable or not infringed; an adverse outcome could result in our patents being invalidated, interpreted narrowly or not issued. Conversely, third parties may assert infringement, trade secret misappropriation or other intellectual property claims against us, and if such claims are upheld, we may be required to obtain licenses, cease commercialization of affected products or incur significant damages, and defending such claims could impose substantial costs regardless of outcome. Public announcements or perceived negative developments in any such litigation could adversely affect our reputation, collaboration opportunities, ability to raise funds and the [**REDACTED**] of our Shares.

***Our owned and in-licensed patents and other intellectual property may be subject to priority disputes, inventorship disputes, ownership disputes and similar proceedings.***

We or our licensors may be subject to claims that former employees, collaborators, contractors or other third parties have an interest in our owned or in-licensed patents or other intellectual property, for example as an inventor or co-inventor. When enforcing our rights in our owned or in-licensed patents or other intellectual property, we or our licensors may be subject to counterclaims that we or our licensors do not own or possess clean title to one or more patents or patent applications that cover development, manufacture, and commercialization of one or more of our drug candidates. If we or our licensors are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents owned or licensed, or our owned or licensed patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we or our licensors are unsuccessful in any inventorship or ownership disputes to which we or they are subject, we may lose valuable intellectual property rights, such as exclusive ownership of, or the exclusive right to use, our owned or in-licensed patents. For example, we may not have sufficient documentation to prove our exclusive ownership of, or exclusive right to use, our owned or in-licensed patents. In such cases, we may be required to obtain and maintain licenses from third parties, including parties involved in any such proceedings or disputes. Such licenses may not be available on commercially reasonable terms or at all or may be non-exclusive. The loss of exclusivity or the narrowing of our owned and licensed intellectual property rights could limit our ability to stop others from using or commercializing similar or identical drug products.

***We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.***

Our programs involve drug candidates that require the use of proprietary rights held by third parties, and we have obtained and may need to further acquire and maintain licenses or other rights to use these proprietary rights. However, we may be unable to acquire or in-license any compositions, methods of use or other intellectual property rights from third parties that we identify. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights, we may have to abandon development of the relevant program or drug candidates, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may rely on our business partners in defending the intellectual properties we own or in-license.***

During the Track Record Period, we entered into a number of licensing and collaboration agreements with our business partners. For further details, please see "Business — Overview of Licensing and Collaboration Agreements." Under these agreements, in the event of an infringement of intellectual properties, we may need to rely on our business partners to prosecute the intellectual properties. However, our collaboration partners may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability. In such event, our business and operations may be materially and adversely affected.

***Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted to us by others.***

We rely on licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development of our drug candidates. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and

in all territories in which we may wish to develop or commercialize our drug products. As a result, we may not be able to prevent competitors from developing and commercializing competitive drug products in territories included in all of our licenses.

We may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering the drug candidates that we license from third parties. If our licensors fail to prosecute, maintain, enforce and defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated, and our ability to develop and commercialize any of our drugs that are the subject of such licensed rights could be adversely affected.

Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity or unenforceability of these patents. Even if we are permitted to pursue the enforcement or defense of our licensed patents, we will require the cooperation of our licensors and any applicable patent owners and such cooperation may not be provided to us. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents.

In addition, our current and future licensors may have relied on third party consultants or collaborators or on funds from third parties and that our licensors may not have secured assignments from all inventors who are third party consultants or collaborators, such that our licensors are not the sole and exclusive owners of the patents we in-license. Our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize drug products covered by these license agreements. If such licenses are terminated, we may be required to seek alternative in-license arrangements, which may not be available on commercially reasonable terms or at all or may be non-exclusive. If these in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, we may need to modify or cease the development, manufacture, and commercialization of one or more of our drug candidates, and competitors may have the freedom to seek regulatory approval of, and to market, products identical to ours.

***If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties, or otherwise experience disruptions to our business relationships with our licensors, we could be required to pay monetary damages or could lose license rights that are important to our business.***

Our business relies in large part on licensed patents, patent applications and other third-party intellectual property, and our licenses may not cover all rights necessary to develop, manufacture or commercialize our drug candidates, requiring us to obtain additional licenses that may not be available on an exclusive basis, on commercially reasonable terms or at a reasonable cost, if at all; failing that, we may need to redesign our drug candidates or manufacturing methods, or develop or license replacement technology, which may not be technically or commercially feasible, and we may be unable to develop or commercialize the affected products. Our license and intellectual property-related agreements typically include milestone payments, tiered royalties and other payments, as well as development, diligence, information and confidentiality obligations, and we cannot guarantee that we will have sufficient resources to satisfy these obligations when due. If we breach, licensors may terminate the agreements and re-acquire the licensed or sub-licensed technology and intellectual property, which could prevent us from developing, manufacturing or marketing covered products and allow third parties to compete; we may need to renegotiate on less favorable terms and may be required to grant back licenses under our own intellectual property, and we may not be able to cure any breach or preserve our rights in a timely manner, at acceptable cost or at all. In addition, these agreements are complex and provisions may be susceptible to multiple interpretations, and disputes could narrow the scope of our rights or increase our obligations, impair our ability to maintain the arrangements on commercially acceptable terms, and materially adversely affect our business, financial condition, results of operations and prospects.

## RISKS RELATING TO OUR INDUSTRY, BUSINESS AND OPERATIONS

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

As part of our business strategy, we intend to accelerate the clinical development and commercialization of our pipeline products, expand our product portfolio, and strengthen our research and development and manufacturing capabilities. For more details, see "Business — Business Strategies." There is no assurance that our expansion strategies will be successful. Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. All of these endeavors will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities.

***Any failure to comply with applicable regulations and industry standards or obtain various licenses and permits could harm our reputation and our business, results of operations and prospects.***

A number of governmental agencies or industry regulatory bodies in the PRC and other applicable jurisdictions impose strict rules, regulations and industry standards governing biopharmaceutical research and development activities, which apply to us. Our or our business partners' failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities.

Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or impose fines and penalties which could materially and adversely affect our business, financial condition and results of operations. If the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect results of operations and prospects.

***We may face risks related to strategic partnerships or future acquisitions.***

Our potential engagement in strategic partnerships, including licensing or acquiring new candidates, intellectual property, technologies or businesses, and any future acquisitions, may increase our capital requirements, dilute the value of your [**REDACTED**] in our H Shares, cause us to incur or assume debt and contingent liabilities, and subject us to additional risks. Such transactions may result in increased operating expenses and cash requirements; the issuance of equity securities; difficulties in integrating an acquired company's operations, corporate culture, intellectual property, products and personnel; diversion of management attention from existing programs; challenges in retaining key employees and maintaining key business relationships; inability to generate revenue from in-licensed or acquired assets sufficient to meet our objectives or offset transaction and ongoing costs; and changes in accounting principles that may materially impact our financial results. In addition, acquisitions may involve significant one-time expenses and the acquisition of intangible assets leading to future amortization, and we may be unable to identify suitable opportunities, which could impair our ability to grow or access technologies or products important to our business.

***We may be unable to attract and retain our senior management and scientific team.***

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, as well as other key clinical and scientific personnel, including Dr. Jim Zhen WU, our Founder and CEO, Dr. Haiqing YUAN, our Chief Operating Officer, and other key employees. Competition for qualified employees in the biopharmaceutical industry is intense and the pool of qualified candidates is limited. The departure of one or more of our senior management or key clinical and scientific personnel, whether or not they join a competitor or form a competing company, may subject us to risks relating to finding replacements in a timely manner or at all, which may disrupt our drug development progress and have a material and adverse effect on our business and results of operations. We will also need to hire additional employees as we expand our commercialization and manufacturing teams.

***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, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. Furthermore, we may be subject to product liability claims or lawsuits as a result of the clinical testing and any future commercialization of our drug candidates inside and outside China. 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 lead to substantial damages payable by us and materially harm our reputation.

***Our business significantly depends on our reputation.***

The market awareness and recognition of our brand image, and the maintenance of a positive brand image, are crucial to the success of our business, but we may not be successful in promoting our brands and, to the extent we engage third parties to expand our commercialization network, we have relatively limited control over their conduct and our brand reputation. Any negative publicity or rumors concerning us, our products, management, employees, business partners or affiliates, whether or not true, or adverse publicity about the pharmaceutical industry generally, could harm our reputation, undermine public confidence in our products, and impair the development and commercialization of our drug candidates. In addition, any regulatory inquiries, investigations or other actions, or any perceived unethical, fraudulent or inappropriate business conduct by us or perceived wrongdoing by related parties, could substantially damage our reputation regardless of the merits or outcome, impede our ability to attract and retain key employees and business partners, divert management attention, increase compliance costs, and materially and adversely affect our business, results of operations, financial condition and prospects.

***We face certain risks relating to our leased properties, which may subject us to penalties.***

As of the Latest Practicable Date, we did not own any properties and we leased a number of properties in China for R&D, office and production purposes. Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the local housing administrative authorities. As of the Latest Practicable Date, we had not completed lease registration with the relevant regulatory authorities for all of the leases. Our PRC Legal Advisors are of the view that the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of the lease agreements. However, we

cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

***Failure to fully comply with PRC labor-related laws may expose us to potential liabilities.***

We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations, including those relating to obligations to make social insurance payments and contribute to the housing provident funds. Despite our compliance efforts, as the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. In general, compliance with the PRC labor-related laws and their respective implementation rules may increase our operating expenses, in particular our personnel expenses. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to fines and penalties or be required to provide additional compensation to our employees. Our business, financial condition, results of operations and reputation may be adversely affected as a result.

***The data and information that we gather in our research and development process could be inaccurate or incomplete.***

We collect, aggregate, process, and analyze a substantial amount of data and information from our pre-clinical studies and clinical programs, following the identification of a promising drug candidate. If we make mistakes in the capture, input, or analysis of these data, our ability to advance the development of our drug candidates may be materially harmed and our business, prospects and reputation may suffer. We are also responsible for obtaining regulatory approvals necessary for the development and commercialization of our products under development, for which we manage and submit data to governmental entities. These submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies and regulations, interim, top-line or preliminary data from our clinical trials that we announce or publish from time to time may be revised as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data. In some cases, we may be exposed to liability to a third party, court or government agency who concludes that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous.

In addition, we rely on CROs, our business partners and other third parties to monitor and manage data for some of our ongoing pre-clinical and clinical programs, and we are not able to control all aspects of their activities. If any of our CROs, business partners or other third parties do not perform to the required standards in terms of data accuracy or completeness, data from those pre-clinical and clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For more details, see paragraph headed "— Risks Relating to Relationship with Third Parties — If we lose our relationships with third party service providers, our drug development could be delayed" above.

***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 PRC laws and regulations as well as insurance based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance. Our insurance coverage may be insufficient to cover all claims for product liability, damage to our fixed assets, or employee injuries, among other potential costs and liabilities. 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.

***Our employees, independent contractors, consultants, business partners and vendors may engage in misconduct or other improper activities.***

We are exposed to the risks of fraud, misconduct or other illegal activities by our employees, independent contractors, consultants, business partners and vendors. The existence of legal, regulatory and administrative proceedings against any of our employees, independent contractors, consultants, business partners and vendors, even if they do not involve our company, may harm our reputation, and adversely affect our business and operations. In addition, it is not always possible to identify and deter misconduct by employees and other parties, and the precautions we take to detect and prevent such misconduct may not be effective in protecting us from governmental investigations, lawsuits or other actions stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, they could have a significant impact on our business, including the imposition of significant fines or other sanctions.

***If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to significant penalties and expenses.***

We are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing other improper advantages. In addition, although currently our primary business operations are in China, we are subject to the Foreign Corrupt Practices Act (FCPA) of the United States, which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could significantly affect our business, financial condition, and results of operations. We could also be adversely affected by any allegation that we violated such laws.

***We, or our CROs or other contractors and business partners may fail to comply with environmental, health and safety laws and regulations.***

Our operations may involve the use of hazardous and flammable materials, including chemicals materials, and may produce hazardous wastes. We may contract with third parties for the disposal of these materials and wastes. In the event of such contamination or injury, we could be held liable for any resulting damages, and such liabilities could exceed our resources. We could also incur significant costs associated with civil or criminal fines and penalties. We may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. In line with industry practice, we do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of hazardous materials. In addition, we may incur substantial costs to ensure compliance with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

***Our internal computer systems may fail or suffer security breaches.***

Our internal information technology systems and networks, and those of our contractors, consultants, vendors and other business partners, may be vulnerable to cybersecurity incidents and other disruptions, including hacking, phishing, ransomware, malware, denial-of-service attacks, power outages, natural disasters and similar events. We collect, process and store sensitive data in

the ordinary course of business, including personal information of employees and clinical trial participants, intellectual property and other proprietary business information, across on-site systems and outsourced vendors. Any system interruption, failure or security breach, or any misappropriation, misuse, leakage, falsification, or intentional or accidental loss or disclosure of such data, may result in loss of data, disruption to our operations and development programs, damage to equipment and databases, reputational harm and loss of revenues, and we may not have adequate insurance coverage for the resulting losses. Our system redundancy and disaster recovery measures may be ineffective or insufficient, and cybersecurity threats are increasing in number and sophistication. A material cybersecurity incident or disruption could require significant remediation costs and management attention, expose us to regulatory investigations or actions and private claims under applicable data privacy and cybersecurity laws and regulations, and delay the development and commercialization of our drug candidates, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

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

We routinely receive, collect, generate, store, process, transmit and maintain medical data, treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, national and international data protection and privacy laws, directives regulations and standards, as well as contractual obligations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in confiscation of clinical samples and data, enforcement action against us, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Data leakage and abuse might not be completed avoided, due to hacking activities, human error, employee misconduct or negligence or system breakdown, among other reasons. We also cooperate with hospitals, CROs and other business partners, contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with 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.

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

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

Natural disasters, acts of war or terrorism, health epidemics, 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 swine flu, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola, Zika, COVID-19, other factors beyond our control, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks.

The occurrence of a disaster or a prolonged outbreak of an epidemic illness, including the COVID-19 pandemic, or other adverse public health developments in China or elsewhere could materially disrupt our business and operations. For example, the extent to which COVID-19 affects our results of operations going forward will depend on the future developments of the pandemic. 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 and CROs. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors 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.

***Tensions and political concerns in the jurisdictions where we operate may adversely affect us.***

During the Track Record Period, we conducted certain pre-clinical studies, clinical trials and other research and development activities overseas, or in collaboration with international business partners. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. China's political relationships with foreign countries and regions may affect the prospects of our relationship with third parties, such as suppliers, global partners, and future customers. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

***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 joint stock company incorporated in the PRC with limited liability, and a substantially all of our assets are located in the PRC. In addition, a majority of our Directors and our senior management personnel reside within the PRC. As a result, it may not be possible to effect service of process within certain jurisdictions outside the PRC upon us or most of our Directors and senior management. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in Mainland China or Hong Kong of judgments of a court obtained in the United States or any of the other jurisdictions mentioned above may be difficult or impossible.

***Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.***

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares ("non-resident individual holders"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("non-resident enterprise holders") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay Enterprise Income Tax for the dividends declared and paid by us at a tax rate of 5% if the Hong Kong non-resident enterprise is the beneficial owner of the equity and certain other conditions are met.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the MOF and the SAT on Issues Concerning Individual Income Tax Policies (財政部、國家稅務總局關於個人所得稅若干政策問題的通知), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT.

Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers of the H Shares. Please refer to Appendix III to this document.

***Future changes in laws, regulations or enforcement policies in the jurisdictions that we operate in could adversely affect our business.***

Laws, regulations or enforcement policies in the jurisdictions that we operate in, including those regulating the healthcare and pharmaceutical industry, are evolving and subject to frequent changes. The PRC pharmaceutical industry is heavily regulated, and many aspects of our business depend on the receipt of the relevant government authorities' approvals and permits. Further, regulatory agencies in China may periodically change their enforcement practices. Therefore, prior enforcement activities, or lack of enforcement activities, are not necessarily predictive of future actions. Any enforcement actions against us could have a material adverse effect on us. Any litigation or governmental investigation or enforcement proceedings in China may be protracted and may result in substantial costs and diversion of resources and management attention, negative publicity, and damage to reputation. In addition, such changes may be applied retroactively and thus subject our business and operations to increased uncertainties and risks.

Recent U.S. legislative and political developments reflect intensifying scrutiny of PRC-based biotechnology companies. The recently enacted U.S. BIOSECURE Act would restrict the use of biotechnology equipment and services from designated "biotechnology companies of concern" by U.S. federal agencies and recipients of federal contracts, grants and loans, and authorizes expansion of the restricted list. See "Regulatory Overview — U.S. Regulation — BioSecure Act." In addition, we, our CROs, our CDMOs or our business partners, may become subject to the recently enacted BIOSECURE Act aiming at discouraging federal contracting with entities that use biotechnology equipment or services provided by certain Chinese biotechnology companies. If we or our business partners were to be listed as or designated as "biotechnology companies of concern," our ability and our business partners' ability to engage in business with the U.S. government or with companies that engage in business with the U.S. government may be limited, which could disrupt or diminish our business activities. Any delay in identifying and entering into commercially reasonable business relationship with a new partner could harm our ability to develop products on time or within budget, which could materially adversely affect our business, financial condition and results of operations.

The full implementation timeline and the final list of designated entities remain subject to further guidance from U.S. authorities. The uncertainty surrounding the implementation and scope of the BIOSECURE Act, and similar geopolitical or trade-related measures, could increase our compliance costs and adversely affect our business, financial condition, and results of operations. If the scope of such measures is broadened, additional entities are designated, or geopolitical tensions escalate, our operations could be disrupted, including supply chain interruptions, reduced access to collaborations or funding involving U.S. institutions, and the need to replace suppliers or partners with potentially more costly or less reliable alternatives. These developments could increase our compliance burden, require changes to contractual arrangements and operational processes, and adversely affect our ability to conduct R&D, manufacturing or other activities in a timely and cost-efficient manner. Future changes in the BIOSECURE Act and any related policies, laws and regulations or their interpretations may result in additional costs on our business, limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, and restrict our entry into the U.S. market in all forms (including sales and R&D collaborations), which could adversely affect our performance, financial condition and prospects.

Cross-border data restrictions may also affect our operations. Executive Order 14117 and the Department of Justice final rule titled "Preventing the Exploitation of United States Sensitive Data by Countries of Concern or Covered Persons," effective April 8, 2025, restrict transfers of certain sensitive personal data to countries of concern, including the PRC. Although we do not act as a "data broker" and our U.S. clinical activities are conducted for our own R&D rather than for resale of personal data, some datasets we handle (e.g., health or genomic data) may be considered sensitive personal data, and certain processing by service providers or affiliates could implicate the rule depending on the location of access, routing, or control. Future interpretations, amendments or enforcement actions could narrow exemptions or impose additional obligations (such as anonymization, certifications, or contractual safeguards). In addition, the Protecting Americans' Data from Foreign Adversaries Act regulates certain "data brokers," with exclusions that may apply to clinical research and service providers; however, interpretations may evolve. As a result, we may be required to implement additional technical and organizational measures (such as data localization or segregation, pseudonymization/anonymization, vendor changes, or contractual undertakings) and adjust cross-border personnel access, which could increase costs and extend timelines. We cannot guarantee that stricter interpretations or further geopolitical developments will not subject us to new restrictions or scrutiny, increase compliance costs, require adjustments to data governance and cross-border data flows for U.S. clinical activities, or cause delays. While we currently expect any direct impact to be limited based on our business model, funding sources and current vendor footprint, including the absence of direct U.S. federal contracting and our lack of CRO/CDMO service offerings, we cannot assure you that these developments will not adversely affect our business, financial condition, results of operations, cash flows or prospects.

Further, on October 28, 2024, the U.S. Department of the Treasury ("Treasury") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "Final Rule"), which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in certain activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. As a biotechnology company, we believe we are not subject to the prohibition or notification requirements under the Final Rule. However, the application and implication of the Final Rule and any related policies, laws and regulations are complex, which may be changed and updated from time to time. There are increasing pressure amongst certain U.S. congressmen to expand the Final Rule to China-based biopharmaceutical company. Most recently, on February 26, the U.S. International Trade Commission (ITC) announced a fact-finding investigation to examine Chinese state support and pricing practices in the biotechnology sector and assess how these practices may be affecting the market share and competitiveness of the U.S. industry. Future changes in the Final Rule and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us and restrict our entry into the U.S. market in all forms (including sales and R&D collaborations), which could adversely affect our performance, financial condition and prospects.

***Restrictions on currency exchange may limit our ability to utilize our revenue effectively in the future.***

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and foreign currency debt. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

***We may be restricted from transferring our scientific data abroad.***

In March 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (the "Scientific Data Measures"), which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, we cannot assure you that we can obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to any foreign partners in China in the future. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

***We are a PRC enterprise, and we are subject to PRC tax on our global 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 25% on our global 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.

Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC 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.

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. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by nonresident enterprise holders of H shares through the sale or transfer by other means of H shares.

***Payment of dividends is subject to restrictions under PRC law and regulations.***

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Moreover, our operating subsidiaries in the PRC may not have distributable profit as determined under PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries and joint ventures to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

## RISKS RELATING TO THE [REDACTED]

***No* [REDACTED] *currently exists for our H Shares; an active* [REDACTED] *for our H Shares may not develop and the* [REDACTED] *and* [REDACTED] *for our H Shares may decline or became* [REDACTED].**

No [**REDACTED**] currently exists for our H Shares. The initial [**REDACTED**] for our H Shares will be the result of negotiations between our Company and the [**REDACTED**] (on behalf of 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**], our H Shares. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**].

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant [**REDACTED**] in response to various factors beyond our control, including the general market conditions in Hong Kong and elsewhere in the world. In particular, the business, results of operations and the [**REDACTED**] of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] of our H Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] of our H Shares may be highly volatile for specific business reasons, 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, among others. Moreover, shares of other biopharmaceutical companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

***A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the* [REDACTED] *of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.***

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

***Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the* [REDACTED] *of H Shares.***

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] of H Shares.

***Future sales or perceived sales of significant amounts of our H Shares in the public market by existing Shareholders following the* [REDACTED] *could materially and adversely affect the price of our H Shares.***

Future sales or perceived sales of significant amounts of our H Shares by our existing Shareholders after the [**REDACTED**] could result in a significant decrease in the prevailing [**REDACTED**] of our H Shares. Our H Shares currently outstanding may not be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, as

applicable, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing [**REDACTED**] of our H Shares and our ability to raise equity capital in the future.

***If the* [REDACTED] *of our H Shares is higher than our net tangible asset value per H Share,* [REDACTED] *will experience immediate dilution upon the purchase of these Shares.***

The [**REDACTED**] of our H Shares may be higher than the net tangible asset value per H Share. Therefore, purchasers of our H Shares in the [**REDACTED**] may experience an immediate dilution in the [**REDACTED**] adjusted net tangible assets per Share. In addition, holders of our H Shares may experience a further dilution of their shareholding percentage if the [**REDACTED**] is exercised.

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 in the net tangible asset value per share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time.

***Because we do not expect to pay dividends in the foreseeable future after the* [REDACTED]*, you must rely on price appreciation of our H Shares for a return on your* [REDACTED].**

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for future dividend income.

Our Board has complete discretion as to whether to distribute dividends, subject to certain restrictions under the PRC law, see "— Risks Relating to Our Industry, Business and Operations — Payment of dividends is subject to restrictions under PRC law and regulations" for details. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, in the foreseeable future, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

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

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the pharmaceutical industry in and outside China. Certain of such information and statistics have been derived from official government sources. The information and statistics from such sources have not been independently verified by us, the [**REDACTED**], the [**REDACTED**], the Joint Sponsors, the [**REDACTED**], and other [**REDACTED**], any of our or their respective directors, officers or representatives or any other party, other than CIC, involved in the [**REDACTED**] and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and industry practice, which may result in the statistics being inaccurate. You should

therefore not place undue reliance on such information. In addition, we campy assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

***You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us or the* [REDACTED].**

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