[**REDACTED**] *in our Shares involves significant risks. You should carefully consider all of the information set out in this Document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our Shares. In particular, we are a biopharmaceutical company seeking to* [**REDACTED**] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the biopharmaceutical industry involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your* [**REDACTED**] *in our 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 Shares could decline due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.*

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, which will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this Document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the development and regulatory approval of our drug candidates; (ii) risks relating to the manufacturing and commercialization of our drug candidates; (iii) risks relating to our financial prospects; (iv) risks relating to our intellectual property rights; (v) risks relating to our operations; (vi) risks relating to doing business in the jurisdictions we operate; and (vii) risks relating to the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also have a material adverse effect on our business, financial condition, results of operations and prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO THE DEVELOPMENT AND REGULATORY APPROVAL OF OUR DRUG CANDIDATES

We may face intense competition in R&D and the possibility that our competitors may develop drug candidates that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and results of operations.

The pharmaceutical industry is highly competitive, particularly in the weight management field where multinational pharmaceutical companies have already launched blockbuster. We expect to face intense competition from both established international players and emerging domestic companies with respect to any drug candidates we seek to develop.

Many of our drug candidates that are under R&D will face competition from products developed by major international and domestic pharmaceutical companies with the same targets as ours. For example, our injectable ecnoglutide (XW003) is a novel, long-acting cAMP-biased GLP-1 receptor agonist designed for the treatments of overweight/obesity and T2DM. As of the Latest Practicable Date, there were 10 injectable GLP-1 receptor agonists approved in China and more than 28 injectable GLP-1 receptor agonist candidates undergoing clinical trials for the treatment of T2DM in China. We face (i) intense competition from approved drugs from multinational pharmaceutical companies; and (ii) potential competition from drug candidates under clinical development all over the globe.

Successful competition with products of the same targets as our drug candidates will depend on various factors, including the timing of regulatory approvals, the efficacy and safety profile of our drug candidates in comparison to other products and convenience of our dosing regimens. However, we cannot guarantee you that we will be able to successfully compete on all or any of the aforementioned aspects against major pharmaceutical companies that operate on a global or national level.

Furthermore, our drug candidates' R&D will also face competition from products with different targets developed for the same indication, including DPP-4 inhibitors and SGLT-2 inhibitors, which have already been approved by the NMPA for the treatment of T2DM in Chinese Mainland. Specifically, GLP-1 receptor agonists show the greatest efficacy, with up to 2.2% HbA1c reduction and weight loss of 4.7%-13.1%. They also provide clear benefits for major adverse cardiovascular events (MACE) and diabetic kidney disease (DKD). DPP-4 inhibitors achieve up to 0.9% HbA1c reduction, have minimal impact on body weight, and show a relatively neutral effect on MACE and DKD. SGLT-2 inhibitors provide up to 1.2% HbA1c reduction, accompanied by weight loss of 1.6%-4.9%, and demonstrate certain benefits for MACE and DKD.

If the market size of our drug candidates is smaller than we expected, it may raise uncertainties to our R&D investments and drug candidates' future prospects.

Our estimates regarding our eligible patient population, pricing and available coverage and reimbursement determine our estimated market size, which may differ significantly from the actual market addressable by our drug candidates. Our estimates of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our drug candidates, are based on our beliefs and analysis. These estimates have been derived from a variety of sources, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of the diseases we are targeting. The number of our target patients may turn out to be lower than expected. Likewise, the potentially addressable patient population for each of our drug candidates may be limited or may not be receptive to treatment with our drug candidates, and new patients may become increasingly difficult to identify or access. If the market opportunities for our drug candidates are smaller than we estimate, it may impact our future R&D strategies.

Our injectable ecnoglutide (XW003) has been developed for the indications of overweight/obesity, T2DM, moderate-to-severe obesity, adolescent obesity, MASH, OSA and other obesity related comorbidities. However, given the presence of various prevention methods, such as lifestyle changes, regular exercise and weight management, as well as existing and potential alternative treatment options, for our targeted indications, the market potential of the injectable ecnoglutide (XW003) may be limited. As a result, even though the number of patients of our targeted indications may be large, the actual addressable patients of our drug candidates may be limited and smaller than we expected. Our R&D investments in relation to injectable ecnoglutide (XW003) may not generate the expected return, thereby, having an adverse effect on our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations, and prospects may be materially and adversely affected if there are any failure, delays or cost overruns regarding the clinical development or approval of our drug candidates or the successful commercialization of our Core Product XW003.

Our business substantially depends on the timely and successful development and commercialization of our drug candidates. We have devoted significant efforts and financial resources to the development of our drug candidates. As of the Latest Practicable Date, we

had eight drug candidates in various development stages. The successful development and commercialization of our drug candidates and the sufficient revenue and cash flow to continue our operations will depend on several factors, including but not limited to: (i) successful completion of clinical trials and preclinical studies; (ii) favorable safety and efficacy data from our clinical trials and studies; (iii) receipt of regulatory approvals; (iv) the ability of our business partners to assist in conducting our clinical trials in accordance with our trial protocols; (v) establishing commercial capabilities; (vi) the performance by third-party research organizations we may retain in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data; (vii) obtaining and maintaining intellectual property protection and regulatory exclusivity; (viii) appropriately pricing our drug candidates and timely collecting payments; (ix) efficiently and cost-effectively building up our marketing platforms and distribution channels; and (x) competition with other comparable products.

If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

Before obtaining regulatory approval for the commercialization of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. If the results of clinical trials of our drug candidates are not positive or only modestly positive for proposed indications or if they raise safety concerns, some of the following could occur: (i) delayed or denied regulatory approvals for our drug candidates; (ii) additional clinical trials or other testing of our products; (iii) additional labeling statements required, such as a "boxed" warning or a contraindication; (iv) a medication guide outlining the risks of the side effects for distribution to patients; (v) a risk evaluation and mitigation strategy program, including but not limited to doctor communication plans or elements to assure safe use; (vi) failure to obtain regulatory approvals for the proposed indications as intended; (vii) restrictions on how the drug is distributed or used; (viii) liabilities for injury caused to individuals exposed to or taking our drug candidates; and (ix) conditional regulatory approvals and required confirmatory studies to verify the predicted clinical benefit and additional safety studies.

Having expended a significant amount of capital to progress our drug candidates, if such drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities, we would not be able to realize any revenue on such drug candidates, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Clinical product development involves a lengthy and expensive process with uncertain outcomes, and we or our collaborators may be unable to commercialize our drug candidates at all.

We face uncertainties in clinical trial development which are subject to a variety of factors, including satisfactory safety and efficacy results from clinical trials, successful enrollment of patients, and performance of CROs and other parties involved in clinical trial development and others. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approvals including but not limited to: (i) regulators may not authorize us or our investigators to commence a clinical trial at a prospective trial site; (ii) clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs; (iii) the number of patients required for clinical trials of our drug candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate; (iv) our CROs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner; (v) we might have to suspend or terminate clinical trials of our drug candidates due

to a lack of clinical response, a finding that participants are being exposed to unacceptable or health risks non-compliance with regulatory requirements; (vi) the cost of clinical trials of our drug candidates may be greater than we anticipate; or (vii) the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate.

If we do not achieve one or more of these factors in a timely manner, our drug candidates may not be successfully commercialized at all which would materially harm our business, and we may fail to generate sufficient revenues or cash flows to continue our operations.

Results of earlier clinical trials may not be predictive of results of later-stage clinical trials.

The results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-phase clinical trials. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial and early-phase clinical trials. A number of companies in the weight management field have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Future clinical trial results may not be favorable for these and other reasons. In some cases, there can be significant variability in safety and/or efficacy results between different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations including genetic differences, patient adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. As drug candidates are developed from preclinical to early- to late-stage clinical trials towards approval and commercialization, it is customary that various aspects of the development program, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives. In the case of 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. Any of these changes could make the results of planned clinical trials or other future clinical trials we may initiate less predictable and could cause our drug candidates to perform differently, which could delay completion of clinical trials, delay approval of our drug candidates and/or jeopardize our ability to commence commercialization of our drug candidates.

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients or participants who remain in the trial until its conclusion. 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 but not limited to: (i) design and eligibility criteria for the clinical trial in question; (ii) perceived risks and benefits of the drug candidate under study; (iii) our resources to facilitate timely enrollment in clinical trials; (iv) patient referral practices of physicians; (v) availability of competing therapies; (vi) our investigators' or clinical trial sites' efforts to screen and recruit eligible patients or participants; or (vii) proximity and availability of clinical trial sites for prospective patients or participants.

In addition, some of our competitors have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and patients or participants who would

be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' drug candidates, which may further delay our clinical trial enrollments. Even if we are able to enroll a sufficient number of patients or participants in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our drug candidates.

Our resource allocation could delay or otherwise adversely affect our clinical development progress.

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to allocate sufficient resources to participate in these trials. We may delay clinical trials due to prioritization of resources for the clinical development of our drug candidates. Significant clinical trial delays may increase our development costs and could shorten any periods during which we have the exclusive right to commercialize our drug candidates or allow our competitors to bring products to market before we do. This could impair the commercialization our drug candidates and may harm our business and results of operations.

We work with various third parties to develop our drug candidates. If these third parties fail to duly perform their contractual obligations or meet expected timelines, we may be unable to obtain regulatory approvals for our drug candidates, and our business, financial condition and results of operations could be materially and adversely affected.

We work with third parties to execute our preclinical studies and clinical trials, and control certain aspects of their activities. We are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocols, legal and regulatory requirements and scientific standards, and our collaboration with the engaged third parties does not relieve us of our regulatory responsibilities. We, our engaged third parties for our clinical programs and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA, FDA and other comparable regulatory authorities for all of our products in clinical development. If we or any of our engaged third parties or clinical investigators fail to comply with the applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, FDA or other comparable regulatory authorities may require us to perform additional clinical trials before approving our regulatory applications. In addition, our pivotal clinical trials must be conducted with products produced under GMPs. Any failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third parties terminates, we may not be able to enter into arrangements with alternatives on commercially reasonable terms. In addition, our engaged third parties are not our employees, and except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. If our engaged third parties fail to duly perform their contractual obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approvals for our drug candidates. Switching or adding additional third parties involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines.

If we cannot maintain or develop clinical collaborations and relationships with our principal investigators, key opinion leaders, physicians and experts, our results of operations and prospects could be adversely affected.

Our relationships with PIs, KOLs, physicians and experts play an important role in our research and development and marketing activities. 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 collaborate with us but collaborate with our competitors instead. Even if they continue to collaborate 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. Moreover, we cannot assure you that our planned academic promotion and marketing strategy will 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 not yield results that are commensurate to our efforts spent. If we are unable to 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.

Our drug candidates may cause undesirable adverse events.

Undesirable adverse events caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, FDA and other comparable regulatory authorities. In such an event, our clinical trials could be suspended or terminated and the NMPA, FDA and other comparable regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. Product-related adverse events could also affect patient recruitment or the ability of enrolled subjects to complete the trial, and could result in potential product liability claims. Any of these occurrences may materially harm our reputation, business, financial condition, results of operations and prospects.

Additionally, if one or more of our drug candidates receive regulatory approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including: (i) suspension of product marketing; (ii) withdrawal of approvals granted to the product; (iii) additional warnings being placed on the label; (iv) further risk evaluation and mitigation measures for the product; (v) mandatory post-market studies; (vi) liabilities for harm caused to patients; and (vii) reputation damage.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, and could significantly harm our business, financial condition, results of operations and prospects.

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

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

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

The global pharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. In 2024 and 2025, our research and development expenses were RMB284.0 million and RMB158.8 million, respectively. We intend to continue to strengthen our technical capabilities in the development and manufacture of our drug candidates, which requires substantial capital and time. We cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, or obtain sufficient or any patent or other intellectual property protection for such new or enhanced products in a timely and cost-effective manner. Any failure to do so may render our previous efforts obsolete, which could significantly reduce the competitiveness of our SciwindCore™ technology platform and drug candidates, and harm our business and prospects.

We may not be able to identify or discover new drug candidates.

We have already identified and developed eight drug candidates. However, in the future, we may fail to continue to identify drug candidates for clinical development. For example, our research methodology may be unsuccessful in identifying potential drug candidates or those we identify may be shown to have harmful adverse effects or other characteristics that make them unmarketable or unlikely to receive regulatory approval. Research programs to pursue the development of our drug candidates for additional indications and to identify new drug candidates and product targets require substantial technical, financial and human resources. Our research programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including but not limited to: (i) the research methodology used may not be successful in identifying potential indications and/or drug candidates; (ii) potential drug candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to be effective products; or (iii) it may take greater resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates, thereby limiting our ability to diversify and expand our product portfolio.

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates which could materially adversely affect our future growth and prospects.

Even after we obtain regulatory approval for the marketing and distribution of our products, our products will continue to be subject to ongoing or additional regulatory obligations and continue to be subject to regulatory review, which may result in significant additional expenses.

If the NMPA, the FDA or a comparable regulatory authority approves any of our drug candidates, the current and future manufacturing processes, labeling, packaging, storage, distribution, adverse event reporting, advertising, promotion, sampling, record keeping and post-marketing studies for the product will be subject to extensive and ongoing or additional regulatory requirements on pharmacovigilance. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies for the surveillance and monitoring of the safety and efficacy of the product.

In addition, once a product is approved by the NMPA, the FDA or a comparable regulatory authority for marketing, it is possible that there could be a subsequent discovery of

previously unknown problems with the product, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug candidates, it may result in, among other things: (i) restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls; (ii) fines, warning letters or holds on our clinical trials; (iii) refusal by the NMPA, the FDA or comparable regulatory authorities to approve pending applications or suspension or revocation of product license approvals; (iv) refusal by the NMPA, the FDA or comparable regulatory authorities to accept any of our other IND or NDA approvals; (v) suspension or revocation of existing product license approvals; (vi) product seizure or detention, or refusal to permit the import or export of products; and (vii) injunctions or the imposition of civil, administrative or criminal penalties.

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

The regulatory approval processes of the NMPA, FDA and other comparable regulatory authorities are time-consuming and may evolve over time, and if we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

The time required to obtain the approval of the NMPA, FDA and other comparable regulatory authorities is uncertain and depends on numerous factors, including the substantial discretion of the regulatory authorities. Generally, such approvals take years to be obtained following the commencement of preclinical studies and clinical trials. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate's clinical development and may vary among jurisdictions. We cannot guarantee that we will be able 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.

Our drug candidates could fail to receive the regulatory approval of the NMPA, FDA or a comparable regulatory authority for many reasons, including but not limited to: (i) disagreement with the design or implementation of our clinical trials; (ii) failure to demonstrate that a drug candidate is safe and effective; (iii) failure of our clinical trial results to meet the level of statistical significance required for approval; (iv) failure of our clinical trial process to pass relevant GCP inspections; (v) disagreement with our interpretation of data from preclinical studies or clinical trials; (vi) insufficient data collected from the clinical trials of our drug candidates to obtain regulatory approval; (vii) failure of our drug candidates to pass current GMP inspections during the regulatory review process or across the production cycle of our drug candidates; (viii) failure of our clinical sites to pass audits carried out by the NMPA, FDA or other comparable regulatory authorities, resulting in a potential invalidation of our research data; (ix) changes in approval policies or regulations that render our preclinical and clinical data insufficient for obtaining approvals; or (x) failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate. Legislative and regulatory proposals may also, from time to time, be made to expand existing

requirements. For example, increased scrutiny by the United States Congress of the FDA's approval process may significantly delay or prevent regulatory approval for marketing, and potentially introduce more stringent product labeling and post-marketing conditions. Any of the foregoing scenarios could materially harm the commercial prospects of our drug candidates.

All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. We may fail to comply with relevant laws and regulations, which could adversely affect our business and results of operations.

All jurisdictions in which we intend to conduct our pharmaceutical industry activities regulate these activities in great depth and detail. 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 but are not limited to: refusal to approve pending applications; withdrawal of an approval; license revocation; clinical hold; mandatory product recalls; 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.

RISKS RELATING TO THE MANUFACTURING AND COMMERCIALIZATION OF OUR DRUG CANDIDATES

We have limited experience in launching and marketing our products. Failure to effectively commercialize our drug candidates after obtaining the regulatory approval, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have not yet demonstrated our ability to commercialize any of our products, including our injectable ecnoglutide (XW003). The successful commercialization of injectable ecnoglutide (XW003) and other drug candidates in the future may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in launching and marketing drug candidates. We will be competing with many companies that currently have commercialization teams and extensive sales and marketing operations. We may be unable to compete successfully against these more established companies.

The commercialization of products requires significant expenditures, management resources and time. We will have to continuously compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities, we will likely encounter difficulties in commercializing our products.

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 they will have effective sales forces. Revenue to be generated from product sales will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower if our collaborating third parties do not perform as expected. We will also face competition in our engagement of third parties to assist us with the sales and marketing efforts for our injectable ecnoglutide (XW003).

There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities to successfully commercialize any of our drug candidates, if and when approved, nor can we assure that we will be able to establish or maintain relationships with third-party collaboration partners for effective sales and marketing of our injectable ecnoglutide (XW003). As a result, we may not be able to generate product sales revenue as planned and our business and prospects may suffer.

Our drug candidates, once launched, may fail to achieve or maintain the degree of market acceptance by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community necessary for commercial success.

Even though we have obtained regulatory approval for our injectable ecnoglutide (XW003), or if our other existing and future drug candidates receive requisite regulatory approvals for commercialization, such products may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. If our products do not achieve an adequate level of acceptance, the commercialization of such products may become less successful or profitable than we had expected. The degree of market acceptance of our products, if approved for sale, will depend on a number of factors, including, but not limited to: (i) the clinical indications for which our products are approved; (ii) safe and effective treatments considered by physicians, hospitals, medical treatment centers and patients; (iii) the potential and perceived advantages of our products over alternative treatments; (iv) the prevalence and severity of any side effects; (v) product labelling or package insert requirements of regulatory authorities; (vi) the timing of market introduction of our products as well as competitive products; (vii) the cost of treatment in relation to alternative treatments; (viii) price control or downward adjustment by the government authorities; (ix) relative convenience and ease of administration; (x) adverse publicity about our products or favorable publicity about competitive products; and (xi) the effectiveness of our sales and marketing efforts.

Even if our injectable ecnoglutide (XW003) or our future approved drug candidates achieve market acceptance, we may not be able to maintain such market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost-effective or render our products obsolete. Our failure to achieve or maintain market acceptance for our injectable ecnoglutide (XW003) or future approved drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

Our products may not be covered by reimbursement programs or may become subject to unfavorable reimbursement practices, either of which could harm our business.

Our ability to commercialize any approved drug candidates successfully will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities and/or third-party payers, such as private health insurers and health maintenance organizations. The regulations that govern reimbursement for new therapeutic products vary substantially from country to country.

In Chinese Mainland, the NRDL includes products under the National Medical Insurance Catalogue, which affect the amounts reimbursable to program participants for those products. There can be no assurance that any of our drug candidates will be included in the NRDL after initial approval for sale. Innovative products similar to our drug candidates have historically faced limited inclusion in the NRDL in Chinese Mainland due to their relatively high cost and reimbursement constraints, and there can be no assurance that our products, if approved, will be successfully included in such reimbursement lists. If we were to successfully commercialize our products but fail in our efforts to have our products included in the NRDL, our revenue from sales will be highly dependent on patient self-payment, which can make our products less competitive.

In addition, a key trend in the pharmaceutical industry is cost containment, with government authorities and payers limiting coverage and reimbursement for high-cost drugs, and our products may face similar restrictions if approved. As a result, even if our drug candidates are successfully approved by the NRDL or any other reimbursement programs sponsored by government health administration authorities and third-party payers, our potential revenue from the sales of these products could still decrease as a result of the significantly lowered prices. We cannot assure you that reimbursement will be available for our drug candidates that we commercialize and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, any approved drug candidate that we commercialize. Obtaining or maintaining reimbursement for approved drug candidates may be particularly difficult because of the higher prices often associated with products administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we successfully develop.

There may also be significant delays in obtaining reimbursement for approved drug candidates, and reimbursement coverage may be more limited than the approved indications of the drug candidates by the NMPA, FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any product will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Payment rates may vary according to the uses of the products and the clinical setting in which the products are used, may be based on payments allowed for lower-cost products that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for products may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers and by any future weakening of laws that presently restrict imports of products from countries where they may be sold at lower prices. Our inability to promptly obtain reimbursement coverage at intended payment rates from both government-funded and private payers for our drug candidates and any new drug candidates that we develop could have a material adverse effect on our business, operating results, and financial condition.

We currently rely on third parties to manufacture our drug candidates for clinical development, and we may continue to rely on third parties to manufacture our drug candidates at the beginning of the commercialization of our drug candidates. Our business could be adversely affected if those third parties fail to deliver sufficient quantities of quality products.

As of the Latest Practicable Date, we had not established any manufacturing facilities for clinical or commercial-scale production and currently rely on well-established CDMOs for

the manufacturing of our drug candidates. Upon obtaining regulatory approval, we plan to collaborate with our CDMOs to achieve initial commercial-scale manufacturing and supply. However, our reliance on CDMOs exposes us to risks relating to capacity, quality control, regulatory compliance, and supply chain stability. Reliance on the CDMOs would expose us to the following risks:

- if the CDMOs face production issues, such as capacity constraints or supply chain disruptions, it could lead to delays in the availability of drug candidates for clinical trials or commercialization. This could slow down the development timelines or prevent the product from reaching the market on time;

- if the CDMOs produce substandard or defective products, it could compromise the integrity and safety of the product. This could lead to clinical trial failures, regulatory delays, or even safety recalls after the products have been commercialized. Such issues could severely harm our reputation and market trust;

- relying on CDMOs means we have less control over the production process, which could expose us to unforeseen risks like operational inefficiencies or failure to meet market demand;

- if the CDMOs increase their prices or encounter cost-related issues, it could result in higher production costs for us, affecting our profitability;

- we may be unable to identify manufacturers on acceptable terms, or at all, because the number of potential manufacturers is limited and the NMPA, the FDA or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates. This evaluation would require new testing and GMP inspections by the NMPA, the FDA or other comparable regulatory authorities;

- our CDMOs might be unable to produce the quantity and quality required to meet our clinical and commercial needs, if any;

- manufacturers are subject to ongoing periodic unannounced inspection and other government regulations by the NMPA, the FDA or other comparable regulatory authorities to ensure strict compliance with GMPs and cGMPs. We do not have control over the CDMOs' compliance with these regulations and requirements;

- the CDMOs may not properly obtain, protect, maintain, defend or enforce 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;

- the CDMOs may infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of third parties;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our CDMOs and critical raw material suppliers may be subject to inclement weather, as well as natural or man-made disasters.

We have no experience in managing pharmaceutical products' manufacture on a large commercial scale and our business could be materially and adversely affected if we encounter problems in manufacturing our future products.

As of the Latest Practicable Date, we had not established any manufacturing facility for clinical and commercialization scale. We currently outsource the production of our drug candidates to well-established CDMOs. We have no experience in large-scale manufacturing of our products for commercial use. Anticipating future commercialization, we plan to continue to engage third-party CDMOs to manufacture our approved drug products.

Manufacturing methods and formulation are sometimes altered through the development of drug candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause the products to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of products and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in product approvals and jeopardize our ability to commence product sales and generate revenue.

We may also encounter problems with achieving adequate or clinical-grade products that meet the standards or specifications of the NMPA, the FDA, or other comparable regulatory agencies, and maintaining consistent and acceptable production costs. We may experience shortages of qualified personnel, raw materials or key contractors, and experience unexpected damage to our facilities or the equipment. In these cases, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our products with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our products for sale.

If we are unable to meet the increasing demand for our products by ensuring that we or the third-party manufactures have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business and financial condition would be materially and adversely affected.

To produce our injectable ecnoglutide (XW003) or other drug candidates in the quantities that we believe will be sufficient to meet their anticipated market demand, we will need to either construct our in-house manufacturing facilities or substantially enhance our collaboration with third-party suppliers. If the process of building our in-house manufacturing facilities is delayed or we cannot find qualified third-party suppliers, we may not be able to produce our products in a sufficient quantity to meet future demand.

We are implementing a phased strategy for the commercial manufacturing of our injectable ecnoglutide (XW003). In the near term, we will collaborate with our CDMOs to achieve initial commercial-scale manufacturing and supply of the products. We may face additional manufacturing risks in relation to such third-party manufacturers. We cannot assure you that the third-party manufacturers engaged by us will be able to produce the quantity and quality required to meet our clinical and commercial needs. See "Business — Chemistry, Manufacturing & Controls ("**CMC**")" for more details.

In the long run, we may establish our own manufacturing facilities by constructing our in-house commercial production capacity for our commercialized products. The construction of our own manufacturing facilities is capital intensive and requires significant upfront investment, and there can be no assurance that we will be able to timely obtain such financing, if at all. Furthermore, after finishing the construction of our own manufacturing facilities, we may not be able to fully utilize our new manufacturing facilities immediately or within a reasonable period of time after we commence the operation of such facilities. During the construction and ramp-up period, there may be significant changes in the pharmaceutical industry, including, among others, market demand, product and supply pricing, and customer preferences. Any adverse trends in these respects could result in operational inefficiency and excess capacity in our manufacturing facilities.

Our operations are dependent on the supply of certain raw materials. If we cannot obtain an adequate supply of raw materials, our ability to conduct our business could be materially impaired and our operations, revenue and profitability could be adversely affected.

During the Track Record Period, our business operations require certain raw materials as well as equipment and other materials needed for research and development purposes. Since we relied on third parties to supply these materials, we are therefore exposed to various supply chain risks. Following the commercialization of our injectable ecnoglutide (XW003), we expect to continue to rely on third parties to supply such materials and equipment for the research and development and contracted manufacturing of our products. see "Business — Our Suppliers" for more details.

Firstly, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs will increase significantly as we enter commercial production of our injectable ecnoglutide (XW003), following its receipt of marketing approval, but there is no assurance that current suppliers have the capacity to meet our demand. Any delay in receiving such materials in the quantity and quality that we need could delay the completion of our clinical studies, regulatory approval of our drug candidates or our ability to timely meet market demand for our commercialized products, as applicable.

Secondly, we are also exposed to the risk of increased costs, which we may not be able to pass on to customers and, as a result, lower our profitability. In the event of significant price increases for such raw materials, we cannot assure you that we will be able to raise the prices of our future products sufficiently to cover the increased costs.

Thirdly, our suppliers may also fail to maintain adequate quality of the services, materials and equipment we need. We cannot assure you that we will be able to identify all of the quality issues. Suboptimal or even deficient supplies of services, materials and equipment may hinder the research and development of our drug candidates and the commercial-scale manufacturing of our approved drugs, subject us to product liability claims or otherwise have a material adverse effect on our operations.

Fourthly, we cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Their failure to do so may lead to interruption in their business operations, which in turn may result in a shortage of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our products.

If any of the aforementioned circumstances occur and our supplies are interrupted, we may not be able to find alternative raw material supplies in a timely and commercially reasonable manner, or at all, and it would materially harm our business.

RISKS RELATING TO OUR FINANCIAL PROSPECTS

We have incurred net losses since inception. We may continue to incur net losses and may fail to achieve or maintain profitability in the next few years.

[**REDACTED**] in pharmaceutical companies is highly speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We have incurred significant expenses related to the research and development of our drug candidates. In 2024 and 2025, our research and development expenses amounted to RMB284.0 million and RMB158.8 million, respectively. In addition, we also incurred other expenses related to our operations including administrative expenses. As a result, we recorded net losses in each year comprising the Track Record Period.

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we carry out certain activities relating to our development, including, but not limited to, the following: (i) continue to advance the clinical trials and preclinical studies of our drug candidates; (ii) seek regulatory approvals for our drug candidates to complete clinical development and commence commercialization; (iii) commercialize any of our drug candidates for which we may obtain marketing approval; (iv) seek to identify additional drug candidates; (v) address any competing technological and marketing developments, including new products developed by competitors; maintain, protect and expand our intellectual property portfolio; and (vi) create additional infrastructure to support our operations as a [**REDACTED**] company and our product development and future commercialization efforts.

We cannot guarantee that we will be able to obtain regulatory approvals for any of our drug candidates in a timely manner, or at all. Substantial investments may be incurred before we generate any revenue from product sales. Considering the numerous risks and uncertainties associated with regulatory approvals, we are unable to accurately predict the timing or amount of additional expenses, or when, or if, we will be able to achieve or maintain profitability. Our expenses could increase beyond expectations if we are required by the NMPA, FDA or other applicable authorities to perform studies in addition to those that we currently anticipate. Even if our drug candidates are approved, we expect to continue incurring significant costs associated with the manufacturing and the launch of the drug candidates.

Our ability to generate revenue from sales of products and become profitable depends significantly on our success in a number of factors that affect the sales volume, pricing levels and profit margins of our drug candidates, such as regulatory approvals and competition in the market environment.

We anticipate generating revenue from product sales following the receipt of regulatory approval for the commercialization of our injectable ecnoglutide (XW003) and other drug candidates. Our ability to generate revenue and achieve profitability depends significantly on our success in many factors, including but not limited to: (i) obtaining regulatory approvals or drug candidates; (ii) commercializing our injectable ecnoglutide (XW003) and other drug candidates; (iii) completing research regarding, and non-clinical and clinical development of, our drug candidates; (iv) developing a sustainable and scalable manufacturing process for our injectable ecnoglutide (XW003) and other drug candidates; (v) addressing any competing technological and market developments; (vi) identifying, assessing, acquiring and/or developing new drug candidates and technologies; (vii) negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter; (viii) maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights; and (ix) attracting, hiring, and retaining qualified personnel.

As of the Latest Practicable Date, the NMPA has approved injectable ecnoglutide (XW003) for the treatments of T2DM and overweight/obesity in Chinese Mainland. We cannot guarantee that we will always be able to obtain regulatory approvals for other indications and any other of our drug candidates in a timely manner. Although our injectable ecnoglutide (XW003) has obtained the regulatory approvals for commercialization, we still expect to continue incurring significant costs associated with the manufacturing and the commercialization of such a product. Moreover, our expenses could increase beyond expectations if we are required by the NMPA, the FDA or other applicable authorities to perform studies in addition to those that we currently anticipate.

After the commercialization of our injectable ecnoglutide (XW003), our revenue may be further influenced by factors that affect the sales volume, pricing level or profitability of our injectable ecnoglutide (XW003). Factors that could adversely affect the sales volumes, pricing levels and profitability of our injectable ecnoglutide (XW003) include: (i) the impact of government pricing regulations; (ii) sales of substitute products by competitors; interruptions in the supply of raw materials; increases in the cost of raw materials; (iii) issues with product quality or side effects; intellectual property infringements; adverse changes in our sales and distribution network; and (iv) unfavorable policy, regulatory or enforcement changes.

Many of these factors are outside of our control, and any factor adversely affecting the commercialization of our products could adversely affect our operations, revenue and profitability.

We had net operating cash outflows and net liabilities during the Track Record Period. We may need to obtain substantial additional financing to fund our operations and expansion with the potential effect of diluting our shareholders' interest and restricting our operations, and we may be unable to complete the development and commercialization of our drug candidates.

Since our inception, our operations have consumed substantial amounts of cash. We had net cash used in operating activities of RMB185.6 million in 2025, and net cash generated from operating activities of RMB99.3 million in 2024. As of December 31, 2025, we recorded net liabilities of RMB2,213.2 million. We expect that we may experience net cash outflows from our operating activities for the foreseeable future.

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

Further, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares.

The incurrence of additional indebtedness or the issuance of certain equity securities could also result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property

rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the [**REDACTED**] of our H Shares to decline.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial assets at fair value through profit or loss.

During the Track Record Period, we invested in financial products which represent wealth management products and negotiable certificate of deposits with banks. Pursuant to the Guidance on Regulating Financial Institution's Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange on April 27, 2018, financial institutions selling wealth management products cannot guarantee the returns of principal and interest of such products. As a result, the returns of our investments in wealth management products were not guaranteed, and therefore were measured at fair value through profit or loss. Net changes in the fair value of our investments are recorded as our other income or losses, and therefore directly affect our results of operations. We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are stable and attractive. However, we cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our results of operations. Furthermore, the respective fair value is determined by applying certain valuation techniques. Key valuation assumptions used to determine the fair value of the financial assets are subject to various uncertainties. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial assets at FVPL.

We have granted, and may continue to grant, remuneration in the form of share-based payments, which may result in increased share-based payments and potential dilution of shareholding.

We operate Pre-[**REDACTED**] Equity Incentive Plans. In 2024 and 2025, we incurred share-based payments of RMB6.5 million and RMB0.3 million, respectively. To further incentivize our employees (including directors) and non-employees to contribute to us, we may grant additional remuneration in the form of share-based payments in the future. Issuance of additional shares with respect to such share-based payment may dilute the shareholding percentage of your ownership interest. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

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

During the Track Record Period, we recognized RMB16.4 million and RMB5.1 million of government grants in other income and gains in 2024 and 2025, respectively. The timing, amount and criteria of government financial incentives are determined at the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project by project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions. If we fail to satisfy any such condition, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives may have an adverse effect on our financial condition and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our drug candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

Our commercial success will depend, in large part, on our ability to obtain and maintain patent and other intellectual property protection with respect to our drug candidates. We cannot be certain that patents will be issued or granted with respect to our patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect our drug candidates, or otherwise provide us with any competitive advantage.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation 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. Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been a common subject of litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

We enjoy a limited level of geographical protection with respect to our intellectual property rights and may not be able to protect our intellectual property rights throughout the world or prevent unfair competition by third parties.

We are currently protecting our intellectual property rights in certain jurisdictions, primarily China and the U.S. See "Business — Intellectual Property" for more details. Filing and prosecuting patent applications and defending patents covering our drug candidates in all jurisdictions across the world could be prohibitively expensive. Competitors may use our technologies in jurisdictions in which we have not obtained patent protection to develop their own drug candidates and may export otherwise infringing drug candidates to jurisdictions where we have patent protection, but enforcement rights are not as strong as those in certain markets, given that the levels of law enforcement vary across jurisdictions. These drug candidates may compete with our drug candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant difficulties in registering, protecting and defending such rights in some jurisdictions. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful.

Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to market our drug candidates. If we encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions.

The life of patent protection is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

The life of a patent and the protection it affords is limited. For example, in China, if all maintenance fees are timely paid, the invention patents, design patents and utility model patents are valid for 20 years, 15 years and 10 years from its filing date, respectively, with potential patent term extension or adjustment for invention patents under the current Patent Law of the PRC. Manufacturers of generic or biosimilar products may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would materially adversely affect any potential sales of that product.

Patent terms may not be adequate to protect our competitive position on our drug candidates in the absence of patent linkage, patent term extensions and other exclusivities. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. The pending patent applications for our drug candidates, if issued, are expected to expire on various dates. See "Business — Intellectual Property" for more details. Upon the expiration of our patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors, which would materially adversely affect our business, financial condition, results of operations and prospects.

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

We currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

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

Changes in intellectual property related laws, regulations and policies in one of jurisdictions we operate in could impair our ability to protect our drug candidates, therefore, diminishing the value of our business in general.

The laws and regulations governing patents could be revised from time to time that would 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. Our intellectual property rights including existing patent rights and future patent applications may face certain potential challenges. For instance, the U.S. has enacted wide-ranging patent reform legislation. The United States Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. Therefore, we cannot predict whether the intellectual property rights we are currently pursuing and may pursue in the future will be protected in any particular jurisdiction.

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

We rely on our trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, corporate collaboration partners, outside scientific collaboration partners, sponsored researchers, contract manufacturers, consultants, advisers and other third parties that have access to them.

However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our products and technology. Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade

secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be adversely affected.

We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.

Our employees, consultants and advisers may currently be, or were previously employed at other pharmaceutical companies or research institutions, including our competitors or potential competitors. Some of these employees, consultants, and advisers may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. We may be subject to claims that we, our employees, consultants and advisers, have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

Further, we may be unsuccessful in executing the agreements assigning intellectual property to us with our employees, consultants and contractors who in fact develop intellectual property that we regard as our own. Furthermore, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property to determine the ownership of what we regard as our intellectual property. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

In addition, we may in the future be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar drug candidates or technology, without payment to us, or could limit the duration of the patent protection covering our drug candidates and technology. Such challenges may also result in our inability to develop, manufacture or commercialize our drug candidates without infringing third-party patent rights. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

We may not be able to prevent unfair competition by third parties.

We focus on protecting our intellectual property rights in our target markets, primarily China and the U.S., this is because filing, prosecuting, maintaining and defending patents on drug candidates in all other markets throughout the world could be prohibitively expensive for us. 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 products and further, may export otherwise infringing products to jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in markets such as the U.S. 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 products made using our inventions into our target markets or other jurisdictions. These products 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.

We may face intellectual property disputes with our business partners or other third parties.

From time to time, we may license out certain patent rights to third parties and accept transfer of patent rights and know-how from third parties. Therefore, we may be subject to claims that former employees, collaborators, contractors or other third parties have an interest in our patents or other intellectual property, for example as an inventor or co-inventor. We cannot assure you that we will not have any disputes arising out of such kinds. When enforcing our rights in our patents or other intellectual property, we may be subject to counterclaims that we do not own or possess clean title to one or more patents or patent applications that cover development and manufacture of one or more of our drug candidates. If we 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, or our patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we 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 patents.

We may from time to time be involved in lawsuits to protect or enforce our patents and other intellectual property, which could be expensive, time-consuming and unsuccessful and may delay us from developing or commercializing our drug candidates. Our patent rights relating to our drug candidates could be found invalid or unenforceable if being challenged.

Litigation relating to patents and other intellectual property rights is common in the pharmaceutical industries and is inherently uncertain. Even if successful, litigation may result in substantial costs and reputational harm, and distraction of our management and other employees. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be inevitably compromised by disclosure during discovery.

Competitors may infringe our patents. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. In any infringement proceeding, the defendant may be able to counterclaim that our patent is invalid and/or unenforceable, and a court may uphold such claims, or otherwise refuse to stop the opposing party from using the technology at issue, on the potential grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent application at risk of not being issued.

On the other hand, if a third party were to assert claims of patent infringement, misappropriation of trade secrets, or violation of other intellectual property rights against us, even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents and rights are valid, enforceable and infringed, and the holders of any such patents and rights may be able to block our ability to commercialize the applicable product unless we obtained a license from them, or until such patents or rights expire or are finally determined to be invalid or unenforceable. Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could also be costly and time-consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors perceive these announcements as negative, the perceived value of our drug candidates, future products, programs or intellectual property could be diminished. Accordingly, the [**REDACTED**] of our H Shares may decline. Such announcements could also harm our reputation or the commercialization of our drug candidates, which could have a material adverse effect on our business. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical trials and continue our in-house research programs.

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

If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology or barred from developing and commercializing our drug candidates. Prohibitions against using certain technologies, or prohibitions against commercializing our drug candidates, could be imposed by a court or by a settlement agreement between us and a plaintiff.

In addition, if we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. There is inevitable uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed.

RISKS RELATING TO OUR OPERATIONS

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

As we seek to advance our drug candidates through clinical trials and eventually achieve commercialization, we will need to expand our development, regulatory, manufacturing, sales and marketing capabilities or contract with third parties to provide these capabilities for us. In addition, we may need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant additional responsibilities on our management. Our future financial performance and our ability to commercialize our drug candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. We cannot assure you that we will be able to successfully develop and commercialize our drug candidates and build suitable manufacturing, sales, marketing and managerial teams to meet our growth targets. Our failure to accomplish any of these tasks could prevent us from successfully growing our company.

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

We face an inherent risk of product liability as a result of the clinical testing and commercialization of our drug candidates, subject to limited immunity that we may seek in connection with some of our drug candidates. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, insufficient or improper labelling of products, insufficient or misleading disclosures of side effects or dangers inherent in the product, negligence, strict liability and a breach of warranties. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. There is also risk that third parties we have agreed to indemnify could incur liability. Regardless of the merits or eventual outcome, liability claims may result in: (i) decreased demand for our drug candidates or any resulting products; (ii) damage to our reputation; (iii) withdrawal of clinical trial participants; (iv) costs to defend the related litigation; (v) a diversion of management's time and our resources; (vi) substantial monetary awards to trial participants or patients; product recalls, withdrawals or labeling, marketing or promotional restrictions; (vii) loss of revenue; (viii) the inability to commercialize our drug candidates; and (ix) a decline in our H Share [**REDACTED**].

We are subject to the risks of operating in multiple jurisdictions.

As we operate or intend to operate in multiple regions, including PRC, U.S. and other intended regions, our business is subject to risks due to a variety of factors, including but not limited: (i) changes in a specific country's or region's political and cultural climate, economic condition or geopolitical tensions; (ii) changes in laws and regulatory requirements in local jurisdictions; (iii) the occurrence of economic stagnation or downturn in certain jurisdictions; (iv) the burden of complying with a variety of foreign laws; (v) inadequate intellectual property protection in certain jurisdictions; (vi) enforcement of anti-corruption and anti-bribery laws; (vii) trade protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges; (viii) delays resulting from difficulty in obtaining export licenses, tariffs, potentially longer payment cycles and greater difficulty in accounts receivable collection; (ix) the effects of applicable local tax regimes and potentially adverse tax consequences; or (x) significant adverse changes in local currency exchange rates.

We may sell our products to certain foreign countries in the future. Our business is therefore subject to constantly changing international economic, regulatory, social and

political conditions, and local conditions in foreign countries. Furthermore, 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 political relationships. In addition, we are subject to general geopolitical risks in foreign countries where we operate. The occurrence of any one or more of these risks of doing business internationally, individually or in the aggregate, could materially and adversely affect our business and results of operations.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business, which could be expensive, time-consuming and unsuccessful, thereby may have a material adverse effect on our business, financial condition and results of operations.

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. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to our counterparties, such as our suppliers, CROs and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

Unfavorable outcomes in claims, disputes, litigation, arbitration or other legal proceedings could limit our research and development activities and/or our ability to commercialize our drug candidates.

If third parties successfully assert their legal rights against us in relation to our technologies or other commercial rights, we might be barred from enjoying certain rights, such as using certain aspects of our technology, or barred from developing and commercializing our drug candidates. Prohibitions against enjoying certain rights could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, disputes may arise with third parties regarding the scope of rights associated with technologies we have internally developed, acquired, or otherwise obtained, which could result in claims against us or financial liabilities. If we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated commercial rights of others, we may be forced to pay substantial damage awards to the plaintiff. There is inevitable uncertainty in any litigation. There can be no assurance that we would prevail in any litigation, even if the case against us is weak or flawed.

Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.

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, and other key employees. Competition for qualified employees in the pharmaceutical industry is intense and the pool of qualified candidates is limited. In recent years, the average staff costs in the global pharmaceutical market, particularly for highly skilled and experienced personnel, has been rising steadily. We cannot assure you that there will be no significant increase in our staff costs, especially as we continue to expand our business and operations. Despite an increase in staff costs, we may still not be able to retain the services of experienced senior management or key clinical and scientific personnel in the future. 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 product development progress and have a material and adverse effect on 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.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. 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, state, national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations.

The PRC authorities promulgated a series of laws and regulations governing the various aspects of cybersecurity and data security, personal information and privacy protection, including, among others, the Cybersecurity Law of the PRC, the Data Security Law of the PRC and the Personal Information Protection Law of the PRC. Under the Personal Information Protection Law of the PRC, in case of any personal information handling, such individual prior consent shall be obtained, unless otherwise specified. Further, personal information handling activities that are in relation to the sensitive personal information including but not limited to biometrics, medical health and personal information of teenagers under fourteen years old can only be conducted where such activities have a specific purpose, are highly necessary and strictly protective measures have been taken. In addition, an assessment is required for data handlers' provision of important data and personal information collected and generated in their operations within the territory of the PRC to overseas recipients. The Measures on the Standard Contract for the Cross-Border Transfer of Personal Information (the "**SCC Measures**") were promulgated by the CAC on February 22, 2023 and took effect on June 1, 2023. The SCC Measures attach the prescribed template for the standard contract on the cross-border transfer of personal information that could be used as an available option to satisfy the condition for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law. If we fail to remain compliant with any of the above rules or regulations, our business performance and operations may be materially and adversely affected.

In addition, certain industry-specific laws and regulations affect the collection and transfer of data in China. The Regulations on the Administration of Human Genetic Resources of the PRC or the HGR Regulation, was promulgated by the State Council in May 2019 and further amended in March 2024. It stipulates that foreign organizations, individuals, and the entities established or actually controlled by foreign organizations or individuals are forbidden to collect, preserve and export China's human genetic resources. Foreign organizations and the entities established or actually controlled by foreign organizations or individuals may only utilize and be provided with China's human genetic resources after satisfaction of all regulatory requirements. In October 2020, the SCNPC promulgated the Biosecurity Law of the PRC, which became effective in April 2021 and later amended in April 2024. The Biosecurity Law of the PRC reaffirms the regulatory requirements stipulated by the HGR Regulation while potentially increasing the administrative sanctions where China's human genetic resources are collected, preserved, exported or used in international

collaboration in violation of applicable laws. The interpretation and implementation of the HGR Regulation and the related laws and regulations may vary from time to time. Given such circumstance, although we have made great efforts to comply with mandatory requirements of laws and government authorities in this regard, we cannot assure you that we will be deemed at all times in full compliance with the HGR Regulation, the Biosecurity Law of the PRC and other applicable laws in our utilizing of and dealing with China's human genetic resources.

Numerous U.S. federal and state laws and regulations relate to the privacy and security of personal information. In particular, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996, or HIPAA, establish privacy and security standards that limit the use and disclosure of individually identifiable health information, known as "protected health information," and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Determining whether protected health information has been handled in compliance with applicable privacy standards and our contractual obligations may require complex factual and statistical analyses and may be subject to changing interpretation. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other malicious or inadvertent disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost or stolen. Any such access, breach or other loss of information could result in legal claims or proceedings, and liability under federal or state laws that protect the privacy of personal information, such as the HIPAA, the Health Information Technology for Economic and Clinical Health Act, and regulatory penalties. Notice of breaches must be made to affected individuals, the Secretary of the Department of Health and Human Services, and for extensive breaches, notice may need to be made to the media or State Attorneys General. Such a notice could harm our reputation and our ability to compete.

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 investigation, enforcement action and 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 condition, results of operations and prospects.

In addition, our clinical trials also frequently involve professionals from third-party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always comply with our data privacy measures. We also collaborate with third parties including principal investigators, hospitals, CROs, CDMOs, and other third-party contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as our fault, negligence or a result of our failure.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (the "**Scientific Data Measures**"). 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, if and to the extent our research and development of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. 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, financial condition, results of operations 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. In addition, according to the Administration of Human Genetic Resources (《人類遺傳資源管理條例》) promulgated in May 2019 and the PRC Biosecurity Law (《中華人民共和國生物安全法》) promulgated in October 2020, if any scientific data falls within the scope of Chinese human genetic resources, any transfer of such data outside of China will be subject to the prior approval of the PRC Ministry of Science and Technology. There can be no assurance that we will be able to obtain such approval in a timely manner, or at all.

Our future investments, acquisitions or strategic partnerships may have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

From time to time, we may evaluate various investments, acquisitions, joint ventures and strategic partnerships, including licensing or acquiring products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including: (i) increased operating expenses and cash requirements; (ii) the assumption of additional indebtedness or contingent or unforeseen liabilities; (iii) the issuance of our equity securities; (iv) assimilation of operations, intellectual property and products of an acquired company; (v) the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition; (vi) the loss of key employees and personnel, and uncertainties in our ability to maintain key business relationships; (vii) risks and uncertainties associated with the other party to such a transaction; and (viii) our inability to generate revenue from acquired technology or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

We may not be able to identify attractive targets, and we have limited experience in acquisitions. In addition, we may not be able to successfully acquire the targets identified despite spending a significant amount of time and resources on pursuing such acquisition. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The geographic distance between companies, the complexity of the technologies and operations being integrated, and the disparate corporate cultures being combined may increase the difficulties of integrating an acquired company or technology. It is also common in our industry for competitors to attract customers and recruit key employees away from companies during the integration phase of an acquisition. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses, and

acquire intangible assets that could result in significant future amortization expense. For investments over which we do not obtain management and operational control, we may lack influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments. Any of the foregoing negative developments described could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

We and our third-party collaboration partners may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in PRC and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, including physicians and others, play a primary role in the recommendation and prescription of products for which we may seek regulatory approvals. If we obtain approval from the NMPA, FDA or other regulatory authorities for any of our drug candidates and if we then begin to commercialize those products in the PRC or in the U.S., our operations may be subject to fraud and abuse laws in the PRC, U.S. and other countries, including the federal Anti-Kickback Statute and the False Claims Act, as well as physician payment transparency laws and regulations, including the Federal Physician Payment Act. Our current and future operations also may be subject to regulation by U.S. federal, state and local authorities including, among others, the Centers for Medicare and Medicaid Services and other divisions within the U.S. Department of Health and Human Services such as the Office of the Inspector General and the Office for Civil Rights. We may also be subject to state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirements, we could be subject to applicable penalties.

Efforts to ensure that our business arrangements with third parties are in compliance with applicable healthcare laws and regulations will involve substantial costs. Regulatory authorities could conclude that our business practices are not comply with current fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational damage, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a material adverse effect on our business, financial condition, results of operations and prospects.

If any of the physicians or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

Our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations. We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties.

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, our future expansion of footprint beyond China may subject us to laws such as the Foreign Corrupt Practices Act of the U.S., which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Although we have policies and procedures designed to ensure that we, our employees, agents and intermediaries comply with anti-bribery laws, there is no assurance that such policies or procedures will always effectively prevent our employees, agents and intermediaries from engaging in bribery activities. 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, results of operations and prospects. We could also be adversely affected by any allegation that we violated such laws.

We may fail to comply with applicable laws, regulations or industry standards to obtain various licenses and permits, which could harm our reputation, business, financial condition, 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 pharmaceutical 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. This could harm our reputation, business, financial condition, results of operations and prospects.

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, results of operations and prospects. If the interpretation or implementation of laws and regulations is adjusted in the future or new regulations come into effect, or the criteria used in reviewing applications for, or renewals of permits, licenses and certificates change to adapt to new developments, 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. Any government investigation of alleged violations of laws could require us to expend significant time and resources in response and generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our Company and our results of operations will be adversely affected.

Changes in international trade policies and rising geopolitical tensions may cause disruptions to our clinical development, product manufacturing processes and other aspects of our business and operation.

The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to

international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policy related to international commerce, or other trade matters. For example, recently, the United States has proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China. The decisions made by the U.S. government led to significant market volatility and economic uncertainty. It is unknown whether new tariffs will be imposed by the U.S. or other governments, or whether new laws and regulations will be enacted, or the effect that any such actions would have on us or our industry. For example, on September 25, 2025, U.S. President Donald J. Trump announced that there would be a 100% tariff imposed on imports of branded or patented pharmaceutical products, unless a pharmaceutical company is building a manufacturing plant in the U.S., effective from October 1, 2025 (the "**Pharmaceutical Tariff**"). However, such scheduled tariff has been put on hold subject to further negotiations among the U.S. government and major pharmaceutical companies. While we currently have no commercialized products in overseas regions, any rising trade and political tensions or unfavorable government policies on international trade, such as capital controls or tariffs, may affect the competitive position of our products.

Moreover, rising trade and political tensions, heightened government scrutiny or unfavorable government policies may also affect our existing and future relationships with shareholders and business partners, the provision of research and development and other services, the supplies of materials and products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to product development, or prevent us from selling our products in certain countries. If any new tariffs, policies, legislation and/or regulations are announced or implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, on February 21, 2025, U.S. President Donald J. Trump issued the "America First Investment Policy" (the "**America First Memo**"), outlining review of potential new or expanded restrictions on U.S. outbound investment in the PRC in sectors including biotechnology, AI, semiconductors, quantum, advanced manufacturing, and directed energy. These restrictions may evolve to extend beyond direct investments to include partnerships, licensing agreements, and technology transfers, creating compliance burdens and operational uncertainties. The America First Memo also contemplates potential restrictions on publicly traded securities investments by pension funds, university endowments and other limited partner investors. These political tensions and policy changes would adversely affect global economic conditions, financial market stability, and international trade policies.

Our business significantly depends on our reputation, and any negative publicity on us or failure to maintain and enhance our recognition and reputation may materially and adversely affect our business, financial condition, results of operations and prospects.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. In addition, we may engage various third parties, such as contract sales organizations, to expand our commercialization network and increase market access for our products, which can make it increasingly difficult to effectively manage our brand reputation.

Any negative publicity, including disputes concerning us, our business partners or our affiliates, even if untrue, could adversely affect our reputation and prospects. Moreover, if we are unable to maintain a good reputation, our ability to attract and retain key employees and business partners could be harmed which, in turn, may materially and adversely affect our business, financial condition, results of operations and prospects.

Our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. Negative publicity about us, such as alleged misconduct or improper activities, or negative rumors relating to us, our management, employees, business partners or affiliates, can harm our business. Any regulatory inquiries or investigations or other actions against our management, any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrongdoings by any key member of our management team or other employees, our business partners or our affiliates, could harm our reputation and materially and adversely affect our business. Regardless of the merits or final outcome of such regulatory inquiries, investigations or actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent and business partners and grow our business.

Moreover, any negative media publicity about the pharmaceutical industry in general, may also negatively impact our reputation. In the event that such negative publicity relates to our own products and business, the adverse impact on our financial condition or results of operations might be more significant. Investigations and increasingly stringent regulations arising from such negative publicity, if any, may draw time and attention from our management team, which would have otherwise been devoted into our business operations, or may incur additional compliance expenses.

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 operate in the pharmaceutical industry, which involves numerous operating risks and occupational hazards. As of the Latest Practicable Date, we maintain insurance policies that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice, see "Business — Insurance" for more details. According to Frost & Sullivan, our insurance policy is in line with the industry practice. Our insurance coverage may be insufficient to cover any claims that we may have. We cannot assure you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage, we may be required to pay substantial damages or compensation, and our business, results of operations and financial condition may be materially and adversely affected.

Our internal information technology systems, or those used by our business partners, may fail or suffer security breaches.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property and proprietary business information. We manage and maintain our data utilizing on-site systems and outsourced vendors. Because information technology systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our facilities or vendors that provide information systems, networks or other services to us pose increasing risks. Despite the implementation of security measures, our internal information technology systems and those of our current and any future third-party vendors, collaboration partners, consultants, and third parties performing services for us, as well as our clinical sites and regulatory authorities, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, and telecommunication and electrical failures.

If any such material system failure, accident, or security breach were to occur and cause interruptions in our operations, it could result in a disruption of our drug candidate development and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. To the extent that any disruption or security breach were to result in the theft or destruction of intellectual property, data, or other misappropriation of assets, financial loss, or otherwise compromise our confidential or proprietary information and disrupt our operations, our competitive position could be adversely affected, and the further development and commercialization of our drug candidates could be delayed.

We could also be subject to regulatory actions or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate, disclosure of data, as well as unfair or deceptive practices. The development and maintenance of the systems, controls, and processes to prevent such events from occurring and/or identify and mitigate threats is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated.

Difficult conditions and turbulence in the global economic, political and financial environment may adversely affect our business, financial condition, results of operations and prospects.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken actions in an attempt to address and rectify these market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms. In addition, concerns over the recent conflicts in the Middle East, Russian-Ukraine conflicts, and unrest and terrorist threats in other territories, among others, add uncertainties to the financial markets worldwide. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

We may be subject to disasters, health epidemics, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions in which we conduct our business. Our operations may be under the threat of natural disasters, such as floods, earthquakes, storms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, SARS, Ebola, Zika and COVID-19, other factors beyond our control, such as power, water or fuel shortages, failures, malfunction and other unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and operating results.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

There might be uncertainties in effecting service of legal process and enforcing judgments against us and our management due to the lack of relevant international treaties regarding judicial service and judicial enforcement.

We are a company incorporated under the laws of the PRC, and a significant portion of our assets and the majority of our Directors and senior management are located in the PRC. As a result, it may be difficult for the investors to directly effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors and senior management in the PRC. Moreover, judgments rendered in jurisdictions with which the PRC does not have treaties that provide for the reciprocal recognition and enforcement of judicial rulings and awards may not be so recognized or enforced in the PRC.

However, with respect to Hong Kong, these concerns have been largely mitigated. On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), effective January 29, 2024. The New Arrangement significantly enhances the mechanism for reciprocal recognition and enforcement of judgments in civil and commercial matters between Chinese Mainland and Hong Kong, eliminating the requirement for a written choice of court agreement. Consequently, judgments rendered by Hong Kong courts are now generally recognizable and enforceable in the PRC, even in the absence of a written jurisdiction agreement between the parties.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

We are exposed to foreign currency risk. During the Track Record Period, certain of our cash and cash equivalents and time deposits are denominated in foreign currencies, including USD and AUD. The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by a series of factors.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Required procedures on the remittance of Renminbi into and out of the PRC may affect our ability to pay dividends and other obligations, and affect the value of your [REDACTED].

Procedures on the remittance of Renminbi into and out of the PRC are required under the relevant PRC laws and regulations. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares.

Under the relevant PRC laws and regulations, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the PRC Individual Income Tax Law (the "**IIT Law**") and its implementation guidelines. Pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《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》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. There is no assurance that this exemption will continue to apply. Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not levy income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the PRC Enterprise Income Tax Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10%. Non-PRC resident enterprises (or other non-PRC owners holding H shares through non-PRC enterprises) that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement 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' approval. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may materially and adversely affect the value of your [**REDACTED**] in our H Shares.

We may fail to comply with regulations governing our employee equity incentive plans in operating jurisdictions, which could subject us and the plan participants to fines or legal or administrative sanctions.

In 2012, the SAFE, promulgated the Circular on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知). Pursuant to these rules, PRC citizens and non-PRC citizens who reside in

China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of the [**REDACTED**]. Failure to complete SAFE registrations may subject them or us to fines or supervision measures. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees.

In addition, the State Taxation Administration of the PRC, has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

We are subject to risks associated with our leased properties.

We have leased certain properties in China as our offices. Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. Although we have reached out to our lessors for their necessary support with regard to the filing of the lease agreements, as of the Latest Practicable Date, we and our lessors failed to register two lease agreements with relevant governmental authorities due to various reasons, including without limitation, the failure or unwillingness of the lessors to provide relevant documents. Although failure to register the lease agreements does not in itself invalidate the leases, we may not be able to defend these leases against bona fide third parties, which may negatively affect our ability to operate our business covered under those leases. In addition, we may be required by relevant PRC governmental authorities to register such lease agreements within a prescribed timeframe, and failure to do so may subject us to fines.

Moreover, if our leases expire, we may face difficulties renewing them, either on commercially acceptable terms or at all. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition. In addition, our landlords have used their properties as collateral for mortgages, which is beyond our control. We cannot assure you that this situation will never occur. And if such case happens, our use of the leased properties and daily operations may be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares

will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be [**REDACTED**] following the completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**]. We have applied to the [**REDACTED**] for [**REDACTED**] of, and permission to deal in, our [**REDACTED**]. A [**REDACTED**] on the [**REDACTED**], however, does not guarantee that an active and liquid [**REDACTED**] market 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] price and [REDACTED] volume of our H Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] price and [**REDACTED**] volume of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the [**REDACTED**] of other companies with business operations located mainly in Chinese Mainland that have [**REDACTED**] their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies have experienced significant volatility, including significant price declines after their initial [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. Pursuant to the applicable PRC law, within one year following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and [**REDACTED**] volume of the H Shares in the short term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the [**REDACTED**] and volatility of our H Shares, regardless of our actual operating performance.

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

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

There may be dilution because of the issuance of additional equity securities.

In spite of our current cash and cash equivalents and the net [**REDACTED**] from the [**REDACTED**], we may require additional funds due to changes in business conditions or other future developments relating to, inter alia, our existing operations or any future expansions. The amount and timing of such additional financing needs will vary depending on the timing investments in and/or acquisitions of new businesses from third-parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility.

The sale of additional equity securities could result in additional dilution to our Shareholders. If additional funds are raised by way of issuance of new Shares or equity linked securities other than on a pro rata basis to existing Shareholders, the percentage of ownership of our existing Shareholders in us, the earnings per Share and the net asset value per Share may be reduced.

Because the [REDACTED] per H Share is higher than the net tangible book value per H Share, purchasers of our H Shares in the [REDACTED] will experience immediate dilution.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution, and our existing Shareholders will receive an increase in the net tangible assets per Share of their Shares. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

We could not assure you that we will declare and distribute any amount of dividends in the future.

Our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. In addition, distributable profits are recognized as our after-tax profit determined under PRC GAAP, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, our Company and our subsidiaries may not be able to pay a dividend in a given year if our Company or our subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under other accounting policies. See "Financial Information — Dividends" for details of our dividend policy. There can be no assurance that we will declare and distribute any amount of dividends in the future. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial conditions, and other factors as they may deem relevant, and subject to the approval at a Shareholders' meeting. We may not have sufficient or any profits to enable us to distribute dividends to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the number of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

Our Unlisted Shares may be converted into H Shares. Such conversion 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 cause an increase in the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] price of H Shares.

We could not make fundamental changes to our business without the consent of the Stock Exchange.

On April 30, 2018, the Stock Exchange adopted rules under Chapter 18A of the Listing Rules. Under these rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this document. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Chapter 18A. Were any of our competitors that are not listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

Certain statistics contained in this Document are derived from a third-party report and publicly available official sources.

This Document, particularly the section headed "Industry Overview," contains information and statistics relating to the pharmaceutical industry in China and internationally. Such information and statistics have been derived from various official governments. We believe that the sources of such information are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. However, we cannot guarantee the quality or reliability of such information. The information and statistics from official governments have not been independently verified by us, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the [**REDACTED**] and no representation is given as to their accuracy. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains certain future plans and forward-looking statements about us that are made based on the information currently available to our management. The forward-looking information contained in this Document is subject to certain risk and uncertainties. Whether we implement those plans, or whether we can achieve the objectives described in this document, will depend on various factors including the market conditions, our business prospects, actions by our competitors and the global financial situations.

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

Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.