In addition to other information in this document, you should carefully consider the following risk factors before making any **[REDACTED]** *decision in relation to our H Shares. Any of the following risks may materially and adversely affect our business, financial condition or results of operations, or otherwise cause a decrease in the* **[REDACTED]** *of our H Shares and cause you to lose part or all of the value of your* **[REDACTED]** *in our H Shares.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage product candidates, and we may be unable to successfully complete the clinical development, obtain relevant regulatory approvals or we may experience significant delays in doing so.

Our ability to generate revenue and realize profitability depends on the successful completion of the development of our product candidates, obtaining necessary regulatory approvals, which is contingent upon various factors. Such factors may include:

- successful completion of pre-clinical studies, as well as enrollment in and completion of clinical trials, and favorable safety and efficacy data meeting the clinical trial endpoints therefrom;
- receipt of regulatory approvals;
- performance by CROs or other third parties of their duties to us in the manner that complies with our trial protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining, maintaining, protecting and enforcing patents, trade secrets and other intellectual property and proprietary protection and regulatory exclusivity, and ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property and proprietary rights of third parties; and
- continued acceptable safety profile following regulatory approval.

While we have invested a significant portion of our efforts and financial resources in the development, regulatory approval of our product candidates, and expect to continue doing the same, we may not be able to achieve one or more of the foregoing factors in a timely manner or at all. As a result, we could experience significant delays or inability in obtaining approval for our product candidates, which would render us unable to achieve our milestones as planned and materially harm our product development prospects.

Adverse events or undesirable side effects in clinical trials could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Adverse events in clinical trials, particularly those relating to 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 regulatory authority. Results of our clinical trials could reveal a high and unacceptable seriousness or prevalence of adverse events. In such event, our clinical trials could be suspended or terminated, and the relevant regulatory authority could order us to cease further development of, or deny approval of, our product candidates for any or all targeted diseases. Adverse events related to our product candidates could affect subject recruitment or the ability of enrolled subjects to complete the trial and could result in potential product liability claims. Additionally, if one or more of our product candidates receive regulatory approval, and we or others later identify undesirable adverse events caused by such products, a number of potentially significant negative consequences could result, including the following:

- regulatory authorities could interrupt, delay or halt pending clinical trials;
- we may suspend, delay or alter the development or marketing of our drug candidates;

- regulatory authorities may order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications if results of our trials reveal a high and unacceptable severity or prevalence of certain adverse events;
- regulatory authorities may delay or deny approval of our drug candidates;
- regulatory authorities may withdraw approvals or revoke licenses of an approved drug candidate, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label of an approved drug candidate or impose other limitations on an approved drug candidate;
- we may be required to develop a risk evaluation mitigation strategy for the drug candidate, or, if one is already in place, to incorporate additional requirements under the risk evaluation mitigation strategy, or to develop a similar strategy as required by a comparable regulatory authority;
- we may be required to conduct post-market studies;
- we could be subject to litigation proceedings and held liable for harm caused to patients exposed to or taking our drug candidates;
- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated; and
- the costs of clinical trials of our drug candidates may be substantially higher than anticipated.

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. For the years ended December 31, 2024 and 2025, we incurred R&D expenses for our Core Product MT1013 of RMB66.7 million and RMB84.4 million, respectively, representing 62.3% and 64.9% of our total R&D expenses. 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 specific indications may not yield any commercially viable products. If we cannot accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such 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 collaboration arrangement.

We face competition from existing products and product candidates. Our competitors may discover, develop or commercialize competing drugs earlier or more successfully than we do.

Our Company faces competition from global biopharmaceutical companies. For example, our Core Product, MT1013, is a dual-target peptide agonist simultaneously acting on CaSR and OGP and is currently in development for SHPT as its lead indication. However, as of the Latest Practicable Date, there were two CaSR agonist drugs approved by FDA and three CaSR agonist drugs approved by NMPA, as well as several CaSR agonist drug candidates for SHPT at the clinical stage globally, which underscores the significant competitive pressure we face, and if these or other competing products are approved

earlier or achieve greater commercial success, our competitive position could be materially and adversely affected.

Our commercial opportunities may deteriorate if our competitors develop and commercialize drugs that are safer, more effective, more convenient, or less expensive than the drugs that we may develop or commercialize. Our competitors may also obtain approval from the NMPA, the FDA, or other comparable regulatory authorities for their drugs more quickly than we do, which could result in our competitors establishing a stronger market position.

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

Research programs to discover new drug candidates, develop new formulations or pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources. Clinical testing is expensive and can take years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits. In some instances, 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, other trial protocol elements and the rate of dropout among clinical trial participants.

Moreover, a number of factors could affect the relevant clinical results including the different patient enrollment standards adopted in different trials, dose regimen, and the other aspects of clinical trial design. 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. A number of companies in the pharmaceutical industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding positive results in earlier trials. Our future clinical trial results may thus not be favorable, which may materially and adversely affect our business, results of operations and prospects.

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

The timely completion of clinical trials depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. For example, patient eligibility criteria defined in the protocols could be strict and it might increase the chances that we are not able to recruit and retain suitable patients for our clinical trials. Our clinical trials may compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Even if we are able to enroll a sufficient number of patients 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.

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

The success of our business depends in part upon our ability to identify or discover additional drug candidates. There can be no assurance that we will be successful in identifying new drug candidates in the future. We have also pursued, and may continue to pursue, collaboration with third parties in the discovery and development of potential drug candidates, including through co-development and licensing arrangements.

We work with CROs and other collaboration partners 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, or commercialize, our drug candidates.

We have worked with and plan to continue to work with third-party CROs to execute our pre-clinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, 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 CROs does not relieve us of our regulatory responsibilities. If we or any of our CROs or clinical investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA, or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under GMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Our collaboration plays an important role in the research and development of our drug candidates. While we generally seek to establish and maintain productive relationships, there can be no assurance that all CROs will perform their obligations as expected. If any of our relationships with these CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms or in a timely manner. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and non-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, or 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 approval for or successfully commercialize our drug candidates. If our CROs err in their experimental operations, the development projects of our drug candidates may be delayed or adversely affected. Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. If any of the foregoing events occurs, our results of operations and the commercial prospects for our drug candidates would be adversely affected.

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 principal investigators ("PIs"), KOLs, physicians and experts play an important role in our research and development and marketing activities. However, we cannot assure you that we will be able to maintain or strengthen our clinical collaborations and relationships with our PIs, KOLs, physicians and experts, or that our efforts to maintain or strengthen such relationships will yield the successful development and marketing of new products. These industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or cooperate with our competitors instead. Even if they continue to cooperate with us, their market insights and perceptions, which we take into account in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. If we are unable to develop new drugs or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We have little experience in manufacturing biopharmaceutical products on a large commercial scale and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug 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 CDMOs. We have no experience in large-scale manufacturing of our drug products for commercial use. Anticipating future commercialization, we plan to

continue to engage third-party CDMOs to manufacture our approved drug products. We may in the future establish our own manufacturing facilities to support our development and commercialization.

If we construct manufacturing facilities in the future, any delays in construction, regulatory review or approval could limit our ability to produce sufficient quantities of our product candidates, if approved, and thereby limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with constructing or maintaining our facilities could require us to raise additional funds from other sources.

Our future manufacturing facilities may be subject to ongoing, periodic inspection by the NMPA or other comparable regulatory agencies to ensure compliance with GMP. Our failure to follow and document our adherence to such GMP regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use; and may result in the termination of or a hold on a clinical trial; or may delay or prevent filing or approval of marketing applications for our product candidates or the commercialization of our products, if approved. Meanwhile, our future manufacturing facilities for expanding our global marketing will need to comply with cGMP regulations and may be subject to unannounced inspections and ongoing periodic inspections to maintain compliance. If our future manufacturing facilities or the equipment in them is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all.

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 drug 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 drug 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 drug 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 drugs 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 drugs for commercial sales. Moreover, we may spend significant time and costs to rectify these deficiencies before we can continue production.

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

The quality of our products, including drug manufactured or to be manufactured by our CDMO partner and drugs to be manufactured by us for commercial use in the future, depends significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes used in manufacturing facilities, the quality and reliability of equipment used, the quality of manufacturing staff and related training programs and our ability to ensure that manufacturing employees adhere to our quality control and quality assurance protocol. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products unsuitable for use, jeopardize any GMP certifications we may have and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

Our operations are dependent on the supply of certain raw materials. If the supply of raw materials decreases or the cost increases, our ability to conduct our business could be materially impaired.

During the Track Record Period, we relied on third parties to supply certain materials. We expect to continue to rely on third parties to supply such materials and

equipment for the research, development, manufacturing and commercialization of our drug products. For details, please refer to the paragraphs headed "Business — Suppliers and Procurement" in this document. There is a risk that, if supplies are interrupted, we may not be able to find alternative supplies in a timely and commercially reasonable manner, or at all, and it would materially harm our business.

Moreover, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs increase significantly as we enter commercial production of our products, 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. Our suppliers may not be able to cater to our growing demands or may reduce or cease their supply of materials to us at any time.

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 materials, we cannot assure you that we will be able to raise the prices of our future drug products sufficiently to cover the increased costs. As a result, any significant price increase for our needed materials may have an adverse effect on our profitability.

Additionally, 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 products, subject us to product liability claims or otherwise have a material adverse effect on our operations.

In addition, 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 shortage of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our products. The non-compliance of these third parties may also subject us to potential product liability claims, cause us to fail to comply with the continuing regulatory requirements, and incur significant costs to rectify such incidents of non-compliance, which may have a material adverse effect on our business, financial condition and results of operations.

We have limited experience in launching and marketing drug products. If we are unable to effectively leverage third-party sales networks or build up our in-house commercialization team as we expected, manage our in-house sales network, or if we otherwise fail to effectively commercialize our drugs 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 an ability to launch and commercialize any of our drug products since our inception. The commercialization process involves numerous complex stages, including but not limited to regulatory approvals, quality control and scaled production, development of distribution channels, pricing strategy formulation, market and customer education, brand building and marketing. Failure by our management team to effectively coordinate and navigate these stages could result in significant delays in product launch, cost overruns, suboptimal market acceptance, regulatory or certification setbacks, loss of market share to competitors, and lower-than-expected profit margins. Any of these factors could materially impede our ability to achieve anticipated revenue and profitability targets and may have a material adverse effect on our financial condition, cash flows, and returns to [**REDACTED**].

We are preparing for the potential commercialization of our Core Product and other drug candidates, which may involve building sales and marketing capabilities and working with third parties such as CSOs. See "Business — Commercialization" for more information. Such commercialization requires significant expenditures, management resources and time. We may not be able to implement our commercialization strategies successfully. We will have to continuously compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. Additionally, there can be no assurance that we will be able to establish or maintain stable and reliable collaborative arrangements with third parties. We may 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.

Our drug candidates may fail to achieve or maintain the degree of market acceptance, and the actual scale of market sales of our product candidates may be smaller than we anticipate, which could render some product candidates ultimately unprofitable even if commercialized.

The degree of market acceptance of our drug products, if approved for commercial sale, will depend on a number of factors, including, but not limited to:

- the clinical indications for which our drug products are approved;
- physicians, hospitals, medical treatment centers and patients considering our drug products as a safe and effective treatment;
- the potential and perceived advantages of our drug products over alternative treatments;
- the prevalence and severity of any side effects;
- product labelling or package insert requirements of regulatory authorities;
- limitations or warnings contained in the labelling approved by regulatory authorities;
- the timing of market introduction of our drug products as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage and reimbursement under the NRDL, the PRDL and other government-sponsored medical insurance programs in the PRC or other jurisdictions worldwide, or from third-party payers such as commercial insurers;
- price control or downward adjustment by the government authorities or other pricing pressure, including the pricing constraints due to potential inclusion in the NRDL;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers such as commercial insurers and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies;
- adverse publicity about our products or favorable publicity about competitive products; and
- the effectiveness of our sales and marketing efforts.

Even if our drugs achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received and more cost effective than our drugs, which may render our drugs obsolete. Our failure to achieve or maintain market acceptance for our future approved

drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

The total addressable market opportunity will depend on, among other things, acceptance of the product by the medical community and patient access, product pricing and reimbursement. Moreover, the number of patients in the addressable markets may turn out to be lower than expected, patients may not be amenable to treatment with our products, or new patients may become increasingly difficult to identify or access. Further, new studies may change the estimated incidence or prevalence of the diseases that our product candidates target. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations. For details of the market size of the metabolic disease drug, antithrombotic drug and neurological disease drug markets, please refer to the section headed "Industry Overview" in this document.

Guidelines, recommendations, and studies published by various organizations could disfavor our approved drugs and drug candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' drugs and drug candidates. Any such guidelines, recommendations or studies that reflect negatively on our drug products, either directly or indirectly relative to our competitive drug products, could result in current or potential decreased use of, sales of, and revenue from one or more of our drug products. Furthermore, our success depends in part on our ability to educate healthcare providers and patients about our drug products, and these education efforts could be rendered ineffective by, among other things, third-parties' guidelines, recommendations or studies. As a result, our business, reputation, financial condition and results of operations could be adversely affected.

If our products are not included in or are removed from national, provincial or other government sponsored medical insurance programs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The successful commercialization of our drugs when approved depends in part on the extent to which reimbursement for these drugs and related treatments will be available from relevant health administrative authorities, private health insurers and other organizations. In China, the National Reimbursement Drug List ("NRDL") (《國家醫保藥品目錄》) and Provincial Reimbursement Drug Lists ("PRDL") (《省級醫保藥品目錄》) include drugs under the National Medical Insurance Catalogue, which affect the amounts reimbursable to program participants for those drugs. There can be no assurance that any of our drug products will be included in the NRDL or the PRDL after approval for commercial sale. Innovative drugs similar to our drug products have historically been more limited on their inclusion in the NRDL or the PRDL due to cost constraints. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL or the PRDL, our revenue from commercial sales will be highly dependent on patient self-payment and payment from third parties such as commercial insurers, which can make our products less competitive.

Government authorities and third-party payers, such as private health insurers and healthcare organizations, decide which medications they will pay for and stipulate reimbursement levels. With the trend of cost containment in the global healthcare industry, government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Obtaining reimbursement for our drugs may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a doctor. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize MT1013 or any drug candidate that we have developed.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the indications and purposes for which the drug candidates are approved by the NMPA, the FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug 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 use of the drug and the clinical setting in which it is used, may be based on payments allowed for drugs with lower cost that have been covered in reimbursement policies, and may be incorporated into existing payments for other services. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may experience difficulties in our sales efforts as a result of pricing regulations or other policies that are intended to reduce healthcare costs, which could subject us to pricing and volume pressures and adversely affect our business, financial condition and results of operations.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Some countries require approvals of the sale price of a drug before marketing. In some markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approvals are granted. As a result, we might obtain regulatory approvals for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact the revenue we are able to generate from the sale of the drug in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approvals.

It is typical that the prices of pharmaceutical products will decline over the life of the products as a result of, among other things, the centralized tender process, government pricing regulation, or increased competition from substitute products. The importation of competing products from countries where government price controls or other market dynamics result in lower prices may also exert downward pressure on the prices of pharmaceutical products.

Prices of our products, if approved, may be susceptible to pricing pressure coming from competing products. In addition, the relevant government authorities may change the schemes of pricing control and statutory tender processes for pharmaceutical products or revise other policies affecting prices of pharmaceutical products. Any development of policies could create uncertainties materially and adversely affecting our product pricing, and accordingly, our revenue and profitability.

If the prices of our products decline due to government pricing regulation, pricing constraints due to potential inclusion in the NRDL, emergence of substitute products or other market factors, we may not be able to mitigate the adverse effects of such price reduction without incurring substantial expenses to improve our products, and our business and profitability could be materially and adversely affected.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain adequate intellectual property protection for our product candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could compete directly against us and our ability to successfully develop and commercialize any of our product candidates would be materially and adversely affected.

Our success depends in a large part on our ability to protect our proprietary technology and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technologies and product candidates that we consider commercially important by, among others, filing patent applications in the PRC, and other jurisdictions. However, applying for patent protection is an expensive and time-consuming process, and we may not be able to successfully file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We cannot assure you that our patent application will be approved eventually. In addition, we may however fail to identify patentable aspects of our R&D output before it is too late to obtain patent protection.

Specifically, patents may be invalidated and patent applications may not be granted not only because of known or unknown prior deficiencies in the patent applications, but

also due to the lack of novelty or inventiveness of the underlying invention or technology. Parties who have access to confidential or patentable aspects of our R&D output may breach our agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection.

In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA, for confidentiality examination. Otherwise, if such application is later filed in China, the patent right will not be granted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Our current or any future patent applications may not be successful and any patent rights we or our licensing partners have may be challenged and invalidated even after issuance, which would materially adversely affect our ability to successfully commercialize any product or technology.

Our current and future patent applications may not result in the issuance of patents at all, and even if were granted patents, they may not be issued in a form, or with a scope of claims, that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and changes in either the patent laws or interpretation of the patent laws in China and other jurisdictions may diminish the value of our patent rights or narrow the scope of our patent protection. Our patents may be challenged, narrowed, circumvented or invalidated by third parties, and the product candidates relating to such patents could also be adversely affected. If any of our patents are determined to constitute research achievements or service inventions of our employees while working at third parties, including academic institutions, or involve violations of non-compete obligations, they could adversely affect our patent rights and operations. We cannot predict whether the patent applications we or our licensing partners are currently pursuing and may pursue in the future will successfully result in the issuance of any patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China and other jurisdictions. For example, if we or one of our licensors were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that our patent is invalid or unenforceable. Grounds for a validity challenge could be an alleged failure to meet statutory requirements, including lack of novelty, obviousness, lack of sufficient description or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld material information from the relevant patent office, or made a misleading statement, during prosecution. Third parties may also raise similar patent invalidity claims before administrative bodies in China or in other jurisdictions. Such mechanisms include invalidation, revocation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer adequately cover and protect our product candidates. Even if a third party does not prevail on a legal assertion of invalidity or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against such third party.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submissions, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA, the United States Patent and Trademark Office (the "USPTO") and other governmental patent agencies in several stages over the lifetime of a patent. The CNIPA, USPTO and various other governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and maintenance process. We are also dependent on our licensors to take the necessary action

to comply with these requirements with respect to our licensed intellectual property. There are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

We may become involved in lawsuits to protect or enforce our intellectual property or being sued for infringing, misappropriating or other violating the intellectual property rights of third parties, which could be expensive, time-consuming and unsuccessful.

Our commercial success depends upon our ability to develop, manufacture, market and sell our drug candidates without infringing, misappropriating or otherwise violating the intellectual property rights of others. The pharmaceutical industry is characterized by extensive litigation regarding patents and other intellectual property rights. We or our collaboration partners may be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned patents or other intellectual property. It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our drug candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or manufacture of the compounds we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

Parties making infringement, misappropriation, or other intellectual property claims against us may obtain injunctive or other equitable relief, which could block our ability to further develop and commercialize one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and employee resources from our business. In addition, even if we believe any third party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of validity, enforceability, priority, or non-infringement. A court of competent jurisdiction could hold that such third party patents are valid, enforceable, and infringed, which could materially and adversely affect our ability to commercialize any of our products or technologies covered by the asserted third-party patents.

In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property, and it could require us to make substantial licensing and royalty payments. Ultimately, we could be prevented from commercializing future approved drugs, or be forced, by court order or otherwise, to cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement, including treble damages and attorneys' fees if we are found to willfully infringe a third party's patent.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could 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 adverse impacts on our business.

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

As of the Latest Practicable Date, we had 32 registered trademarks in the PRC and six registered trademarks overseas, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. We cannot assure you that any currently pending trademark applications or any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and may be unable to overcome such rejections. In addition, in proceedings before the CNIPA, the USPTO or comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially and 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 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 and adversely affected.

If we are unable to protect the confidentiality of our trade secrets and other confidential information, including unpatented know-how upon which we rely, our business and competitive position will be harmed. We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to claims asserting ownership of what we regard as our own intellectual property.

In addition to our issued patents and pending patent applications, we rely on 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 collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisers and other third parties. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates 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. In addition, some courts in China, the U.S. and other jurisdictions may be less willing or unwilling to recognize certain information as trade secrets to be protected. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, consultants, and advisers, including our senior management, may currently be, or were previously employed at other pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisers, including each member of our senior management, may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. We cannot assure you that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, and we may be subject to claims that we or these individuals

have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We may be subject to threatened or pending claims related to these matters or concerning the agreements with our senior management in the future. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. An inability to incorporate such intellectual property rights would materially and adversely affect our business and may prevent us from successfully commercializing our drug candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our drug candidates and technology, which would have a material adverse effect on our business, results of operations, financial condition and prospects. 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.

While we typically require our employees, consultants and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops 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. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Changes in patent and other intellectual property laws of China, the U.S., or other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates and future drugs.

Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity and is costly, time consuming and inherently uncertain. Changes in either the patent laws or their interpretation in China, the U.S. or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

In China, the recent amendment to the PRC Patent Law, amended in October 2020 and implemented in June 2021, introduced patent term compensation mechanism for eligible invention patents related to new drugs. The patents owned by third parties may

be extended, which may in turn affect our ability to commercialize our products (if approved) without facing infringement risks. According to the PRC Patent Law, the patent term compensation may not exceed five years, and the total effective term of the patent after the new drug approved for marketing shall not exceed 14 years. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property related laws would not have a negative impact on our intellectual property protection.

Under the America Invents Act, the AIA, enacted in 2011, the U.S. moved to First Inventor To File system under which the first to make the claimed invention was entitled to the patent. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. Publications of discoveries in the scientific literatures often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

RISKS RELATING TO OUR OPERATIONS

We are a biotechnology company with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

To date, we have no product approved for commercial sale and have not become profitable from product sales. Our limited operating history, particularly in light of the rapidly evolving drug research and development industry in which we operate, the inherent uncertainties in drug research and development, and the changing regulatory and market environments we encounter, may make it difficult to evaluate our prospects for future performance. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history. We will encounter risks and difficulties frequently experienced by early-stage companies in rapidly evolving fields as we seek to transition into a company capable of supporting commercial activities. If we do not address these risks and difficulties successfully, our business will suffer.

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 future success is dependent on our ability to attract a significant number of qualified employees and retain existing key employees. We are highly dependent on the continued contributions of Dr. Wang and our senior management, as well as other key clinical and scientific personnel. The loss of the services of any of our executive officers or other key employees could materially harm our business.

Competition for qualified employees in the biopharmaceutical industry is intense and the pool of qualified candidates is limited. Our need to significantly increase the number of our qualified employees and retain key employees may cause us to materially increase compensation-related costs, including share-based compensation. We may 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 key employees may disrupt our drug development progress and have a material and adverse effect on our business, financial condition, results of operations and prospects. Moreover, to the extent we hire personnel from competitors, we also may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information. In addition, our senior management team has limited experience in running public companies, which will require us to expend additional resources in hiring additional support staff and incur additional costs and expenses. If we are unable to retain and motivate our existing employees and attract qualified personnel for important positions, we may be unable to manage our business effectively, including the development, marketing and sale, which could adversely affect our business, financial condition and results of operations.

We may engage in acquisitions or strategic partnerships, which may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

From time to time, to pursue our growth strategy, we may evaluate various acquisitions, joint ventures and strategic partnerships, including licensing or acquiring

complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

We may become involved in lawsuits or other legal proceedings, which could adversely affect our business, financial conditions, results of operations and reputation.

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources. Additionally, it is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material and adverse effect on our financial condition, results of operations or reputation.

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

We maintain insurance policies that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we have elected not to maintain certain types of insurance. Our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our drug development and overall operations.

Failure to pay social insurance premiums and housing provident funds in full for and on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties.

Under PRC laws and regulations, we are required to participate in employee social welfare programs managed by local governments. These programs include pension, medical, work-related injury, maternity and unemployment insurance, as well as housing provident funds. During the Track Record Period, we had not paid social insurance premiums and housing provident funds for some of our employees in full based on their actual salaries of previous year. There is a risk that we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court.

During the Track Record Period, we engaged third-party human resources agencies to handle social insurance premiums and housing provident fund contributions for certain employees. However, PRC regulations require employers to make these contributions directly through their own accounts, not through third-party intermediaries. As a result, contributions made through third-party accounts may not be recognized as compliant by government authorities. Consequently, we could be required to make additional payments for any outstanding contributions and may also face late payment penalties or enforcement actions. There is also a risk that authorities may not accept this arrangement. In addition, if the third-party agencies fail to meet its obligations, we could be liable for additional payments, late fees, and penalties, which could negatively impact our financial condition and results of operations.

Moreover, given that labor laws and regulations in China are still evolving, we cannot guarantee that our employment practices are, or will remain, fully compliant with all relevant regulations. Any perceived violations could lead to labor disputes, government investigations, or demands for additional employee compensation. Such outcomes could materially and adversely affect our business, financial condition, and operational results. For further information, please refer to the section "Business — Employees."

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

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including management, technical, R&D, sales and marketing, production, quality control and other personnel. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labor in local markets will be sufficient to fulfill our needs. Competition for competent and skilled labor is intensive in the industry. Our failure to hire and retain enough skilled employees could delay the anticipated pre-clinical studies or clinical trials timeframe or receipt of regulatory approvals to commercialize our drug candidates, or result in our expenses exceeding our initial budget. Any of the foregoing changes could have a material adverse effect on our business, profitability and prospects.

As of the Latest Practicable Date, we had 131 full-time employees, all of whom were based in China, where the average labor cost has been steadily increasing over the past years as a result of inflation, government-mandated wage increases and other changes in labor laws and local economics. For example, the staff costs and welfare expenses of our management and administrative personnel increased from RMB11.2 million for the year ended December 31, 2024 to RMB14.7 million for the year ended December 31, 2025. In particular, further changes in the labor laws, rules and regulations may be promulgated by the PRC government in the future and our operations may be materially and adversely affected if such laws, rules or regulations impose additional burden on the employers. The labor cost will continue to increase in the future which is in line with the economic growth in China. Competition for employees would require us to pay higher wages, which would result in higher labor costs.

Our business faces considerable risks from health epidemics, natural disasters, acts of war, and terrorism, which have historically disrupted operations and could significantly impact our financial stability and operational effectiveness in the future.

Our operations and business plans may be adversely affected by health epidemics, natural disasters, acts of war, terrorism, and other force majeure events. Events such as severe natural disasters, epidemics, or government responses to these crises could materially harm both the economy and our operations. Our operations are also vulnerable to floods, earthquakes, sandstorms, snowstorms, fires, droughts, resource shortages, system malfunctions, technical problems, and the potential impacts of wars or terrorist attacks. These disasters could result in loss of life, injury, destruction of assets, and significant disruption to our business.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, principal investigators, consultants and commercial partners.

We may be exposed to fraud, bribery or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed

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

We are subject to risks associated with leasing space.

As of the Latest Practicable Date, we leased four properties for office and R&D uses in China. As our leases expire, we may fail to obtain renewals, either on commercially acceptable terms or at all, which could compel us to close such offices or manufacturing facilities. 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, as of the Latest Practicable Date, we had not registered two of our lease agreements for these properties with the PRC government authorities as required by laws of the PRC. We may be ordered by the PRC government authorities to rectify such non-compliance and, if such non-compliance is not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities for lease agreements that has not been registered with the PRC government authorities.

Our reputation is important to our business success, and damage to our reputation may adversely affect our business.

Any negative publicity concerning us, our affiliates, our Shareholders, our beneficial owners, Directors, officers, employees and business partners, management, even if untrue, or any involvement in, or potential exposure to, claims, disputes, litigation, arbitration, governmental investigations, administrative proceedings, or penalties, could materially and adversely affect our business, financial condition, results of operations, and reputation. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees and business partners were incompliant with any laws or regulations or became involved in lawsuits, disputes, or other legal proceedings or became subject to administrative measures, penalties or investigations by regulatory authorities, we may also suffer negative publicity or harm to our reputation. Any negative publicity regarding our industry could also affect our reputation and commercialization. In addition, any negative publicity about us could adversely affect our ability to maintain our existing collaboration arrangements or attract new collaboration partners, and we may not be able to diffuse such negative publicity to the satisfaction of our [**REDACTED**]. As a result, we may be required to spend significant time and incur substantial costs to respond and protect our reputation, and we cannot assure you that we will be able to do so within a reasonable period of time, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

We may be exposed to the risks associated with potential expansion into global markets.

We plan to explore market opportunities overseas, where we believe there is substantial demand for our drug candidates, and we intend to identify and collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or achieve profitable operations, including but not limited to:

- efforts to enter into license and collaboration arrangements with third parties may increase our expenses or divert our management's attention from the development of drug candidates;
- political and economic instability as well as geopolitical tensions, including the threat of war or terrorist attacks;
- differing regulatory requirements for drug approvals and marketing internationally;

- difficulty of effective enforcement of contractual provisions in local jurisdictions; and
- potentially reduced protection for intellectual property rights.

These and other risks may materially adversely affect our ability to attain or sustain revenue and profits from international markets.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We may need to obtain additional financing to fund our expansion of R&D and our operations, and we may not have access to sufficient funding.

During the Track Record Period, our Company invested a large amount of funds in preclinical research, clinical trials and pre-launch preparations for drug candidates in our product pipeline. For the years ended December 31, 2024 and 2025, our R&D expenses amounted to RMB107.0 million and RMB130.1 million, respectively. In the future, our business operations and the implementation of our strategies will require significant funding. For further information, please refer to "Future Plans and [**REDACTED**]" in this document.

In addition, many aspects of our general business operations have on-going funding requirements that may increase over time. While we expect that the implementation of our strategies and business plans will require us to rely in part on external financing sources, our ability to obtain additional capital on commercially reasonable terms is subject to a variety of factors, many of which are outside of our control, including our future financial condition, results of operations and cash flows, the global economic conditions, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we cannot do so successfully, our strategies and business plans will not be carried out as currently contemplated.

We recorded net losses and net operating cash outflows historically. We may continue to incur net losses and net operating cash outflows for the foreseeable future and may not achieve or maintain profitability in the future.

Investment in biopharmaceuticals is highly unpredictable in terms of commercial success. It entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We incurred losses and net operating cash outflows in each period since our inception. For the years ended December 31, 2024 and 2025, we recorded loss of RMB156.8 million and RMB184.9 million, respectively. A majority of our loss has resulted from costs incurred in connection with our research and development programs during the track record period. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue to expand our research and development of our product and product candidates, as well as to enhance our sales and marketing efforts.

We recorded net cash used in operating activities of RMB107.7 million and RMB137.1 million for the years ended December 31, 2024 and 2025, respectively. For details, please refer to "Financial Information — Liquidity and Capital Resources — Cash Flows" in this document. Negative operating cash flow may require us to obtain additional financing to meet our financing needs and obligations and support our expansion plans. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. In the event that we are unable to generate sufficient cash flow from our operations or otherwise obtain sufficient external funds to finance our business, our liquidity and financial condition may be materially and adversely affected and we may not be able to expand our business as expected.

We recorded net liabilities and net current liabilities historically, which may expose us to liquidity risk.

As of December 31, 2025, we recorded net liabilities of RMB959.9 million and net current liabilities of RMB4.2 million. A net liabilities position can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all. If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our ability to generate revenue from sales of drug 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 such drug products, such as competition or change in market environment.

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 and marketing authorizations for drug candidates for which we complete clinical studies; (ii) completing research regarding, and nonclinical and clinical development of, our drug candidates; (iii) addressing any competing technological and market developments; (iv) identifying, assessing, acquiring and/or developing new drug candidates, intellectual property and technologies; (v) negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter; (vi) maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trademarks, trade secrets, and know-how; and (vii) attracting, hiring, and retaining qualified personnel.

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 and after we generate any revenue from product sales. Even if our drug candidates are approved for commercial sale, we expect to continue incurring significant costs associated with the manufacturing and the commercial launch of the drug products. 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.

Considering the potential approval to market one or more of our drug candidates in the future, our revenue will depend on factors that affect the sales volume, pricing level or profitability of such approved products. Factors that could adversely affect the sales volumes, pricing levels and profitability of the products we sell include: exclusion from, or reduced coverage under, the national, provincial or other government-sponsored medical insurance programs, the impact of government pricing regulations, sales of substitute products by competitors, interruptions in the supply of raw materials, increases in the cost of raw materials, issues with product quality or side effects, intellectual property infringements, adverse changes in our sales and distribution network, and unfavorable policy, regulatory or enforcement changes. Many of these factors are outside of our control, and any factor adversely affecting the sales volumes, pricing levels and profit margins of our products could adversely affect our operations, revenue and profitability.

We are exposed to changes in the fair value of financial assets measured at fair value through profit or loss ("FVTPL") and valuation uncertainties.

As of December 31, 2024 and 2025, our financial assets measured at FVTPL were RMB54.6 million and RMB95.2 million, respectively. Our financial assets measured at FVTPL represent the structured deposits we purchased from reputable banks in the PRC. We cannot assure you that we will generate fair value gain or we may incur fair value loss with respect to our financial assets in the future as the fair value of such financial assets could be subject to factors out of our control such as the macroeconomic environment conditions.

For structured deposits held as of December 31, 2024 and 2025, we measure them at the level 2 of fair value hierarchy, and the fair value of structured deposits is determined

by discounted cash flow, estimated based on discount rate observed in the contract and available market information. For details, please refer to Notes 20 and 32 to the Accountants' Report included in Appendix I to this document.

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

We adopted employee incentive plans for the benefit of our employees (including directors) and consultants as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. See Note 28 of the Accountants' Report set out in Appendix I to this document. During the Track Record Period, no share-based payment expenses have been recognized. To further incentivize our employees to contribute to us, we may grant additional incentives in the future. Issuance of additional Shares with respect to such incentives may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

The discontinuation of any government grants or preferential tax treatment currently available to us may adversely affect our business, financial condition and results of operations.

We recorded government grants of RMB0.8 million and RMB0.3 million for the years ended December 31, 2024 and 2025, respectively. We generally do not have the ability to influence local government authorities in making these decisions. Local authorities may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a 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, otherwise we may be deprived of all or part of the incentives, which may have an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO GOVERNMENT REGULATIONS

All material aspects of the research, development, manufacturing and commercialization of our drug candidates are key concerns of the supervisory authorities and the related regulations are subject to change.

All jurisdictions in which we intend to develop and commercialize our drug candidates and conduct other pharmaceutical-industry activities regulate these activities in great depth and detail. Major markets in the world all strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of the development and approval, manufacturing, marketing, sales and distribution of pharmaceutical products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions.

Moreover, the regulatory framework regarding the pharmaceutical industry is continuing to develop, and we cannot guarantee that amendments to the laws and regulations with regard to pharmaceutical industry would not adversely affect our business and prospects. Any such amendments may result in increased compliance difficulty and costs or cause delays in, or prevent the successful development or commercialization of, our drug candidates and reduce the current benefits we believe are available to us from developing and manufacturing our drug candidates. Developments in government regulations or in practices relating to the pharmaceutical industry such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which would lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects.

Obtaining regulatory approvals for our drug candidates is lengthy, time-consuming and inherently unpredictable, and we may remain subject to extensive post-approval regulatory requirements.

Significant time, efforts and expenses are required to bring our drug candidates to market in compliance with the regulatory process, and we cannot assure you that any of

our drug candidates will be approved for sale. The time required to obtain approvals from the NMPA, the FDA and other comparable regulatory authorities is often unpredictable, and depends on numerous factors, including the substantial discretion of the regulatory authorities. Our drug candidates could fail to receive regulatory approval in a timely manner for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a drug candidate is safe and effective or, it is safe, pure, and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

In addition, the NMPA, the FDA or a comparable regulatory authority may require more information, including additional analyses, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results, to support approval, which may prolong, delay or prevent approval and our commercialization plans, or we may decide to abandon the development programs. Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to competent regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. The policies of the NMPA, the FDA and other comparable regulatory authorities may also change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may not obtain the regulatory approvals or may lose the approvals that we may have obtained and we may not achieve or sustain profitability.

Additionally, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in various jurisdictions could result in significant delays, difficulties and costs for us and may require additional preclinical studies or clinical trials which would be costly and time consuming. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our drug candidates will be approved for sale in those jurisdictions.

If the NMPA, the FDA or a comparable regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, storage, distribution, adverse event reporting, advertising, promotion, sampling, record-keeping and post-marketing studies for the drug will be subject to extensive and ongoing or additional regulatory requirements on pharmacovigilance. These requirements include submissions of safety and other postmarketing information and reports, registration, random quality control testing, adherence to any CMC, variations, continued compliance with GMPs, cGMPs, GCPs, good storage practices ("GSPs") and good vigilance practices ("GVPs") and potential post-approval studies for the purposes of license renewal.

Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed

or to the conditions of approval, or contain requirements for potentially costly post-marketing studies for the surveillance and monitoring of the safety and efficacy of the drug.

In addition, once a drug 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 drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug candidates, it may result in, among other things:

- restrictions on the marketing or manufacturing of our drugs, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters, or holds on clinical trials;
- refusal by the NMPA, the FDA or other comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals;
- product seizure or detention, or refusal to permit the import or export of our drug candidates; and
- injunctions or the imposition of civil, administrative or criminal penalties.

We may face risks arising from IT system failures, cybersecurity breaches and data-privacy compliance obligations, any of which may require significant resources and may adversely affect our business, operations and financial performance.

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

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 may operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill.

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

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and the United States. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with governments.

In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers, and if we fail to comply with any such requirement, we could be subject to penalties.

There is no definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and 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 harm, 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 significant impact on our businesses and results of operations.

In addition, 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 any other improper advantage. Moreover, we are subject to the Foreign Corrupt Practices Act (the "FCPA"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. There is no assurance that policies or procedures to ensure the compliance with anti-bribery laws will prevent our agents, employees 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 have a material adverse effect on our business, financial condition, results of operations and liquidity. We could also be adversely affected by any allegation that we violated such laws.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTION WHERE WE MAINLY OPERATE

The pharmaceutical industry in the jurisdiction where we mainly operate is highly regulated and such regulations are subject to change which may affect approval and commercialization of our drugs.

We currently conduct most of our operations in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. Any changes or amendments regulations, that alter our Company's original mode of operation, may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the benefits we believe are available to us from developing and manufacturing drugs in China.

We may face risks from transferring our scientific data in the future.

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》), or the Scientific Data Measures, which provided a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, if the provision of scientific data involving ''state secrets'' is required in foreign exchanges and cooperation, Chinese enterprises should clarify the type, scope and purpose of the data to be used, and report to the competent authority for approval in accordance with relevant procedures of confidentiality management regulations. When publishing a paper in a

foreign academic journal requires the author to submit the relevant scientific data, the author should, prior to the publication, submit such scientific data to the belonged institution for unified management if such scientific data are generated with the government funding. Given the term ''state secret'' is not clearly defined, we cannot assure you that we can always obtain relevant approvals for sending scientific data in the future, such as the results of our preclinical studies or clinical trials conducted within the PRC, abroad or to our foreign partners in the PRC. If we are unable to obtain necessary approvals in a timely manner, or at all, our R&D of drug candidates may be hindered, which could 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 rectification and other administrative penalties imposed by those government authorities.

[REDACTED] of our H Shares may be subject to PRC income tax obligations

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) and its implementation regulations, dividends paid by a PRC resident enterprise, such as our Company, to non-PRC resident enterprise investors are subject to a 10% withholding tax, unless a lower treaty rate applies. Pursuant to the PRC Individual Income Tax Law, dividends paid by a PRC company to non-PRC resident individual investors are subject to a 20% withholding tax. This rate may be reduced under an applicable tax treaty. To simplify tax administration for [**REDACTED**] [**REDACTED**], a withholding tax rate of 10% is generally applied to dividends paid to non-PRC resident individual [**REDACTED**]. There remain uncertainties as to whether gains realized by non-PRC resident [**REDACTED**] upon the sale or other disposition of our H Shares would be considered income derived from sources within the PRC and thus be subject to PRC income tax. If such gains are subject to PRC income tax, the applicable rate for non-resident enterprises would generally be 10%, and for non-resident individuals could be 20%, subject to any relief under applicable tax treaties. If you are a non-PRC resident [**REDACTED**], you should consult your own tax adviser regarding the tax implications of [**REDACTED**] in our H Shares.

Governmental supervision of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may adversely affect the value of your investment.

Renminbi is currently not a fully freely convertible currency. The PRC government imposes supervision on the convertibility of Renminbi into foreign currencies and, in certain cases, the supervision of currency out of China. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations, e.g., to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under China's existing laws and regulations on foreign exchange, following the completion of the [**REDACTED**], we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the State Administration of Foreign Exchange. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

Fluctuations in exchange rates could result in foreign currency exchange losses.

All of our costs are denominated in Renminbi and our financial assets are denominated in Renminbi and U.S. dollars. However, our [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. The value of the Renminbi against U.S. dollars and Hong Kong dollars, may fluctuate and is affected by, among other things, changes in global political and economic conditions, which are out of our control. Therefore, any fluctuations in the exchange rate of the Renminbi against other currencies may expose us to exchange rate risks, and our results of operations may be adversely affected. In addition, we normally do not have a foreign currency hedging policy and our use of derivatives markets or foreign exchange hedging measures to minimize foreign exchange rate risk may fail. Accordingly, we are exposed to exchange rate fluctuations and such exposure may adversely affect our financial position and the performance of our business.

There might be uncertainties in effecting service of legal process, enforcing foreign judgments against us or our Directors and senior management personnel in the PRC.

We are incorporated under the laws of China, and substantially all of our assets are located in China. In addition, a majority of our Directors and senior management

personnel reside within the PRC, with the majority of their assets located within the PRC. Therefore, it may be difficult for [**REDACTED**] to effect service of process upon us or our Directors and senior management personnel in the PRC.

The approval, filing or other requirements of the CSRC or other PRC government authorities may be required under PRC laws.

On February 17, 2023, the CSRC promulgated the Trial Measures and five related guidelines, which became effective on March 31, 2023. The Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities through a filing-based regulatory regime.

Pursuant to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means, are required to go through the filing procedure with the CSRC and report relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

We cannot assure you that we could meet such requirements, complete such filing in a timely manner. Any failure may restrict our ability to complete the proposed [**REDACTED**] or any future equity capital raising activities, which would have a material adverse effect on our business and financial positions.

Changes in international trade policies and rising political tensions may adversely impact our business and results of operations.

We are susceptible to constantly changing international economic, regulatory, social and political conditions and local conditions in foreign countries and regions. China's political relationships with foreign countries and regions may affect the prospects of our relationships with third parties, such as business partners, suppliers and future customers. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our future products and adversely affect our business, financial condition, results of operations, cash flow and prospects. Rising trade and political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies.

RISKS RELATING TO THE [REDACTED]

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

Subject to the approval of the CSRC, all of our [**REDACTED**] may be converted into H Shares in the future, and such converted Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted Shares any requisite internal approval by our Shareholders and approval from relevant PRC regulatory authorities shall have been obtained. However, the PRC Company Law provides that in relation to the [**REDACTED**] a company, the shares of that company which are issued prior to the [**REDACTED**] shall not be transferred within one year from the date of the [**REDACTED**]. Therefore, upon obtaining the requisite approval, our [**REDACTED**] may be [**REDACTED**], after the conversion, in the form of H Shares on the Stock Exchange after one year of the [**REDACTED**], which could further increase the supply of our H Shares in the market and may negatively impact the market price of our H Shares.

No public market currently exists for our H Shares, and an active [REDACTED] market for our H Shares may not develop, especially considering that our existing Shareholders are subject to a lock-up period.

No public market currently exists for our H Shares. The initial [**REDACTED**] for our H Shares to the [**REDACTED**] will be the result of negotiations between our Company and

the [**REDACTED**] (on behalf of the [**REDACTED**]) and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of and permission to [**REDACTED**] in our [**REDACTED**] on the Stock Exchange. However, a [**REDACTED**] on the Stock Exchange does not guarantee that an active and liquid [**REDACTED**] market for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price of the H Shares will not decline following the [**REDACTED**]. In particular, certain part of the H Shares in issue as of the date of this document will be subject to a lock-up period from the [**REDACTED**], which may significantly affect the liquidity and trade volume of the H Shares in the short term following the [**REDACTED**].

The price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The price and [**REDACTED**] volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] volume of our Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our applications for regulatory approvals of our drug candidates, regulatory developments affecting the pharmaceutical industry, healthcare, health, insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, and actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our [**REDACTED**] may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of our H Shares in the [REDACTED] by major Shareholders following the [REDACTED] could materially and adversely affect the price of our H Shares.

Prior to the [**REDACTED**], there has not been a [**REDACTED**] for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the [**REDACTED**] or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

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

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

Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

We may finance our future cash needs through equity offerings, licensing arrangements or other collaborations, government funding arrangements, debt

financings, or any combination thereof. 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 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 market price of our H Shares to decline.

[REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

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

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

On April 30, 2018, the Hong Kong Stock Exchange adopted rules under Chapter 18A of 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 [**REDACTED**] 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.

Facts, forecasts and statistics in this document relating to the pharmaceutical industry are derived from various official government sources and have not been independently verified by us.

Certain facts, forecasts and statistics in this document are obtained from official government sources, and we can not guarantee either the quality nor reliability of such source materials. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], any of their respective directors, employees, agents or advisors or any other person or party involved in the [**REDACTED**], and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the pharmaceutical industry in and outside China may be inaccurate, and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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 we caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

Prior or subsequent to the publication of this document, there may have been or be press and media coverage regarding us and the [**REDACTED**], which includes certain information about us that does not appear in, or is different to what is contained in, this document. We have not authorized the disclosure of any such information in the press or media. Financial information, financial projections, valuation and other information about us contained in such unauthorized press or media coverage may not truly reflect what is disclosed in the document or the actual circumstances. We do not accept any responsibility for such unauthorized press and media coverage or for the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. To the extent that any information appearing in the press and media is inconsistent or conflicts with the information contained in this document, we disclaim it. [**REDACTED**] should rely only on the information contained in this document in making an [**REDACTED**] decision.