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Application Proof of



Shanghai Huilun Pharmaceutical Co., Ltd.

上海滙倫醫藥股份有限公司

(the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)

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Shanghai Huilun Pharmaceutical Co., Ltd.

上海滙倫醫藥股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] in the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Sole Sponsor and [REDACTED]



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EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full document. You should read this document in its entirety before you decide to [REDACTED] in the H Shares. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the H Shares are set forth in “Risk Factors” of this document. You should read that section carefully before you decide to [REDACTED] in the H Shares.

OVERVIEW

We are a pharmaceutical company with an established track record in drug development and commercialization. Through years of continuous effort, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization. Drawing on this foundation, we are actively expanding our capabilities with a strategic focus on innovative drugs targeting major diseases and critical illnesses.

As of the Latest Practicable Date, we had built a portfolio of over ten marketed products and multiple drug candidates encompassing key therapeutic areas including immunology and inflammation, pain management, oncology and other chronic disorders. During the Track Record Period, we generated revenue primarily from the sales of our key marketed products, represented by Xiweina (希为纳®), the only domestically developed sivelestat sodium approved in China, and Zuoyu (佐愈®), China’s first domestically developed Category II levofolinic acid. Meanwhile, our innovative drug pipeline had steadily gained momentum, including four Category I innovative drugs and three Category II modified new drugs currently under clinical development. For details, see “Business — Our Products.”

Our Key Marketed Products

Xiweina 希为纳® (Sivelestat Sodium for Injection)

Sivelestat sodium is currently the only approved drug globally indicated for systemic inflammatory response syndrome (“SIRS”)-associated acute lung injury (“ALI”)/acute respiratory distress syndrome (“ARDS”). As the first and only domestically developed sivelestat sodium in China according to Frost & Sullivan, Xiweina addresses a critical unmet need in the pharmacological management of ALI/ARDS, offering a treatment option for patients with severe respiratory conditions. We obtained marketing approval for Xiweina as a Category III chemical drug through the NMPA’s priority review pathway in March 2020.

Sivelestat sodium has received recommendations from multiple authoritative domestic and international guidelines and expert consensus statements. Clinical evidence demonstrates its multifaceted benefits, including effective improvement of lung injury, enhanced oxygenation index, shortened mechanical ventilation and ICU stay duration, increased patient survival rates, and reduced mortality risk, while maintaining a favorable safety profile and good patient tolerability.

SUMMARY

Zuoyu 佐愈® (Levofolinic Acid for Injection)

With 5-Fluorouracil (“5-FU”) remaining a cornerstone chemotherapy for colorectal cancer and other gastrointestinal tumors, levofolinic acid meets the growing demand for safer, more effective chemotherapy enhancers. Zuoyu, as China’s first domestically developed Category II levofolinic acid according to Frost & Sullivan, is uniquely positioned to capture this opportunity. We obtained marketing approval for Zuoyu from the NMPA in June 2021. With only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan.

Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, which enhances clinical efficiency while improving overall safety. Meanwhile, its patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over the originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life.

Kangmairui 康迈瑞® (Ticagrelor Tablets)

Kangmairui is a generic ticagrelor tablet indicated for patients with acute coronary syndrome (“ACS”) to reduce the incidence of thrombotic cardiovascular events. Ticagrelor, a blockbuster oral antiplatelet agent, is a direct acting, reversibly binding P2Y₁₂ inhibitor. Notably, ticagrelor demonstrates superior efficacy to clopidogrel by significantly reducing cardiovascular mortality in ACS patients receiving background aspirin therapy, earning first-line recommendation in leading ACS guidelines both domestically and internationally. We obtained marketing approvals for Kangmairui from the NMPA in September 2019 (90mg) and July 2020 (60mg).

Li'erban 利尔班® (Rivaroxaban Tablets)

Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of venous thromboembolism (“VTE”), including deep vein thrombosis (“DVT”) and pulmonary thromboembolism (“PTE”), providing patients with an affordable, high-quality treatment option. Rivaroxaban tablets are the world’s first oral direct Factor Xa inhibitor and among the preferred anticoagulants recommended by both domestic and international clinical guidelines. We obtained marketing approval for Li'erban in China in December 2020.

Dinuo'an 蒂诺安® (Dienogest Tablets)

Dinuo'an is the first domestic generic dienogest tablet to achieve commercialization in China indicated for endometriosis, according to Frost & Sullivan. Dienogest has received first-line recommendation in both domestic and international clinical guidelines for the treatment of endometriosis and related conditions. We obtained marketing approval for Dinuo'an in China in June 2021.

SUMMARY

Our Pipeline

The following chart sets forth the key information of our selected pipeline products as of the Latest Practicable Date, all of which were undergoing clinical trials or preclinical research in China.

	Product Number/ Name	Target/Mechanism of Action	Registration Category	Indications	Pre-clinical	IND Application	Phase I	Phase II	Pivotal/ Phase III	NDA Marketing Approval	Upcoming Milestone
Pain	HL-1186★	Nav1.8	Category I	Moderate-to-severe postoperative acute pain				(i)			Phase IIb trial initiation: 2026Q2
				DPNP							Phase II trial completion: 2027H1
				Osteoarthritis pain							Phase II trial initiation: 2026H2
Immunology and inflammation	YD0293★	DPP1	Category I	CRSsNP							Phase IIa trial completion: 2026Q2
	H057★	Neutrophil Elastase	Category II	Moderate-to-severe CAP							Phase II trial initiation: 2027H1
				Acute exacerbation of bronchiectasis							Phase II trial completion: 2027H2
	YD0743	Undisclosed	Category I	Sepsis							Phase II trial completion: 2027H2
				PALI							Phase II trial initiation: 2027H1
Other chronic conditions	YD6390	PDE4B	Category I	IBD							Phase I trial completion: 2026Q2
	H077	α 1A-adrenergic receptor	Category II	BPH							Phase III trial completion: 2028H1
	H062	ARNI/ARB/CCB	Category II	Resistant hypertension							Phase III trial completion: 2027H1
	HL-2626	5-HT2A receptor	Category I	MDD/TRD							IND submission: 2026H2
	azisartan and amlodipine tablet	ARB/CCB	Category III	Resistant hypertension							Commercial launch
	dienogest tablet	PGR	Category III	Adenomyosis							Market approval: 2026H2
	relugolix tablet	GnRHR	Category III	Uterine fibroids							ANDA submission: 2026Q2

★ Key Products

Abbreviations: 5-HT2A receptor = 5-hydroxytryptamine receptor 2A; ANDA = Abbreviated New Drug Application; ARB = Angiotensin-Receptor Blocker; ARNI = Angiotensin Receptor Neprilysin Inhibitor; BPH = Benign Prostatic Hyperplasia; CAP = Community-Acquired Pneumonia; CCB = Calcium Channel Blocker; CRSsNP = Chronic Rhinosinusitis without Nasal Polyps; DPNP = Diabetic Peripheral Neuropathic Pain; DPP1 = Dipeptidyl-Peptidase 1; GnRHR = Gonadotropin-Releasing Hormone Receptor; IBD = Inflammatory Bowel Disease; IND = Investigational New Drug; Nav1.8 = Voltage-Gated Sodium Channel 1.8; MDD = Major Depressive Disorder; NDA = New Drug Application; PALI = Postoperative Acute Lung Injury; PDE4B = Phosphodiesterase 4B; PGR = Progesterone Receptor; TRD = Treatment-Resistant Depression

Note:

- (1) For postoperative acute pain, we have completed two clinical trials: (i) a Phase IIa trial in postoperative acute pain in January 2026, and (ii) a Phase IIa trial in acute pain following abdominal surgery in March 2026. We plan to initiate two Phase IIb trials for postoperative acute pain focusing on abdominal and orthopedic surgeries, respectively, in the second quarter of 2026.

Our key pipeline products include:

HL-1186: Novel Nav1.8 inhibitor to treat acute and chronic pain

HL-1186 is a Category I innovative drug candidate and a highly selective voltage-gated sodium channel 1.8 (“**Nav1.8**”) inhibitor. As a novel non-opioid analgesic, it represents a therapeutic advancement by targeting Nav1.8 — a key pain-signaling channel located predominantly in peripheral nerves and are minimally expressed in the brain — thereby avoiding interference with central nervous system (“**CNS**”) functions or cardiac channels. HL-1186 is China’s first Nav1.8 inhibitor undergoing clinical studies targeting both acute and chronic pain indications, according to Frost & Sullivan.

SUMMARY

No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain, demonstrating both the efficacy and broad-spectrum potential of Nav1.8-targeted analgesia. HL-1186 shares structural characteristics with new-generation Nav1.8 inhibitors exemplified by VX-548, while exhibiting superior Nav1.8 inhibitory activity and sodium channel selectivity in preclinical studies across multiple pain models. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

YD0293: Novel clinical-stage DPP1 inhibitor for treating CRS

YD0293, a Category I innovative drug candidate, is currently the only dipeptidyl-peptidase 1 (“DPP1”) inhibitor under clinical development for the treatment of chronic rhinosinusitis (without nasal polyps) (“CRSsNP”) worldwide, according to Frost & Sullivan. By inhibiting DPP1, YD0293 can potentially reduce neutrophil-mediated chronic inflammation and lung damage. As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China. Results from YD0293’s Phase I trial in healthy subjects showed YD0293’s favorable Pharmacokinetic (“PK”) properties and good drug tolerability in humans.

H057: First and only clinical-stage inhalable sivelestat sodium candidate globally for neutrophil-mediated respiratory disorders

H057 is a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, according to Frost & Sullivan. H057 represents a novel modification of Xiweina, our marketed injectable sivelestat sodium product, featuring an inhalable formulation, precise lung delivery route, and expanded respiratory indications. H057’s targeted inhalation delivery potentially achieves superior drug concentrations in the respiratory tract, while reducing systemic side effects such as neutrophil-mediated organ damage, gastrointestinal reactions and CNS toxicity. H057 strategically extends sivelestat sodium’s therapeutic potential to other neutrophil-mediated respiratory diseases, including bronchiectasis and CAP.

SUMMARY

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have differentiated us from our competitors: (i) we are an innovation-driven pharmaceutical company with market-validated commercialization capabilities, (ii) we have established full-cycle R&D capabilities and proprietary technology platforms underpinned by robust IP protection and talent pool, (iii) we possess integrated API-to-drug product manufacturing capabilities, supported by robust production technologies and quality control systems, (iv) we demonstrate strong market expansion and commercialization capabilities through operational collaboration across our medical, marketing, and sales functions, and (v) our leadership team combines industry experience and deep therapeutic knowledge to advance our long-term innovation. For details, see “Business — Our Competitive Strengths.”

OUR DEVELOPMENT STRATEGIES

We intend to capitalize on our competitive strengths by pursuing the following development strategies: (i) accelerate the clinical development of our key pipeline products and further enrich our product portfolio, (ii) enhance our commercialization capabilities to drive market expansion, (iii) strengthen our manufacturing capabilities and quality control systems, and (iv) solidify our talent foundation for sustainable growth. For details, see “Business — Our Development Strategies.”

RESEARCH AND DEVELOPMENT

We conduct research and development activities primarily through our in-house R&D team, and we engage CROs from time to time to support our preclinical research and clinical trials. As of December 31, 2025, our in-house R&D team consisted of 256 members, approximately 45% of whom held master or doctoral degrees, mainly in biology, pharmacology, pharmacy, chemistry, and medical science. To strengthen our innovation capabilities, we have established two wholly owned subsidiaries specializing in innovative drug development: Shanghai Yidian Pharmaceutical Technology Development Co., Ltd. and Shanghai Yidi Biotechnology Co., Ltd. We have established a drug R&D engine that drives all stages of our innovation processes, encompassing the full spectrum from drug discovery through regulatory approval. For details, see “Business — Research and Development.”

MANUFACTURING

We manufacture most of our marketed tablet and capsule products and a substantial majority of APIs in-house. During the Track Record Period, we also produced certain APIs for external sales to third parties. We engage industry-recognized CDMOs to manufacture our injectable products, such as Xiweina and Zuoyu, to supplement our in-house manufacturing capacity, enabling us to optimize resource allocation and maintain cost efficiency. We currently have one manufacturing site in Taizhou, Jiangsu, which comprises production lines for APIs and finished drug products (tablets and capsules). To support our innovative drug development and future commercialization, we are constructing a new manufacturing site in Zhijiang, Hubei. This manufacturing site will be equipped with API production lines and is expected to become operational within the next three years. For details, see “Business — Manufacturing.”

SUMMARY

SALES AND MARKETING

During the Track Record Period, our revenue was primarily derived from the sales of over ten marketed products, covering a wide range of therapeutic areas including immunology and inflammation, oncology, and other chronic disorders. Our promotional activities are executed primarily by our in-house sales and marketing team. As of December 31, 2025, we had 720 employees in our sales and marketing team. We have also built collaborations with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products. For the years ended December 31, 2023, 2024 and 2025, we generated 97.9%, 96.8%, and 94.0% of our total revenue through sales to distributors, respectively. As of December 31, 2025, our distribution network comprised 278 distributors across 31 provinces, autonomous regions, and municipalities in China. For details, see “Business — Sales and Marketing.”

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of third-party promoters, CDMOs and suppliers of raw materials, equipment, and construction services. For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers for each year amounted to RMB162.4 million, RMB111.7 million and RMB96.4 million, respectively, accounting for 29.1%, 33.3% and 32.5% of our total purchases for the respective year, and our purchases from our largest supplier for each year amounted to RMB46.4 million, RMB35.5 million and RMB36.6 million, respectively, accounting for 8.3%, 10.6% and 12.3% of our total purchases for the respective year. For details, see “Business — Suppliers.”

CUSTOMERS

During the Track Record Period, our customers primarily consisted of our distributors. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year amounted to RMB787.9 million, RMB497.0 million and RMB492.2 million, respectively, accounting for 79.9%, 72.4% and 71.8% of our total revenue for the respective year, and revenue from our largest customer for each year amounted to RMB332.3 million, RMB170.4 million and RMB191.2 million, respectively, accounting for 33.7%, 24.8% and 27.9% of our total revenue for the respective year. For details, see “Business — Customers.”

INTELLECTUAL PROPERTY

We have a global portfolio of patents to protect our drug portfolio and technologies. As of the Latest Practicable Date, we owned (i) 107 issued patents, including 74 in Chinese Mainland, four in the U.S., and 29 in other jurisdictions, and (ii) 109 patent applications, including 54 in Chinese Mainland, nine in the U.S., five in Europe, 22 under the Patent Cooperation Treaty (“PCT”) and 19 in other jurisdictions. For details, see “Business — Intellectual Property.”

SUMMARY OF KEY FINANCIAL INFORMATION

The summary of the key financial information set forth below have been derived from and should be read in conjunction with our consolidated financial statements, including the accompanying notes, set forth in the Accountants’ Report in Appendix I to this document, as well as the information set forth in the section headed “Financial Information.”

SUMMARY

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	984,848	685,575	685,842
Cost of sales	(134,852)	(116,890)	(114,651)
Gross profit	849,996	568,685	571,191
Other net income	3,339	9,609	11,870
Selling and marketing expenses	(476,216)	(365,304)	(375,608)
Research and development expenses	(211,109)	(194,791)	(234,273)
Administrative expenses	(129,423)	(118,020)	(126,483)
(Impairment losses)/reversal of impairment losses on trade and other receivables	(4,044)	(3,098)	2,649
Profit/(loss) from operations	32,543	(102,919)	(150,654)
Finance costs	(11,884)	(20,776)	(23,274)
Profit/(loss) before taxation	20,659	(123,695)	(173,928)
Income tax	—	—	—
Profit/(loss) for the year	20,659	(123,695)	(173,928)

We generated revenue primarily from the sales of our marketed products in China during the Track Record Period. The following table sets forth the sales revenue of our key marketed products in terms of revenue contribution in absolute amounts and as percentages of our total revenue for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Xiweina	745,379	75.7	424,049	61.9	370,057	54.0
Zuoyu	23,499	2.4	25,863	3.8	75,635	11.0
Kangmairui	57,459	5.8	70,125	10.2	53,226	7.8
Li'erban	54,387	5.5	60,751	8.9	43,920	6.4
Dinuo'an	70,972	7.2	72,896	10.6	91,815	13.4
Others ⁽¹⁾	33,152	3.4	31,891	4.6	51,189	7.4
Total	984,848	100.0	685,575	100.0	685,842	100.0

Note:

- (1) Primarily includes revenue from sales of other products, including Weidagan, Xiaoxiong and Qianweitai, as well as certain APIs.

Our revenue decreased by 30.4% from RMB984.8 million in 2023 to RMB685.6 million in 2024, primarily due to the decrease in revenue from the sales of certain marketed products. In particular, revenue from the sales of Xiweina decreased by 43.1% from RMB745.4 million in 2023 to RMB424.0 million in 2024, primarily reflecting a normalization in clinical demand following the surge in severe lung infection cases during the COVID-19 pandemic. Our revenue remained stable at RMB685.6 million in 2024 and RMB685.8 million in 2025. Specifically, (i) revenue from the sales of Zuoyu increased significantly from RMB25.9 million in 2024 to RMB75.6 million in 2025, primarily driven by our enhanced marketing and promotional efforts in 2025, as well as the normalization of production and delivery volumes following the completion of facility testing and equipment upgrades by our CDMO in 2024, and (ii) revenue from the sales of Dinuo'an increased by 26.0% from RMB72.9 million in 2024 to RMB91.8 million in 2025, primarily attributable to our

SUMMARY

strengthened marketing and promotional efforts. These increases were partially offset by the decreases in (i) revenue from the sales of Xiweina from RMB424.0 million in 2024 to RMB370.1 million in 2025, primarily due to the calibration of inventory levels by our distributors and their adoption of a more disciplined procurement approach as market conditions continued to normalize following the COVID-19 pandemic, and (ii) revenue from the sales of other products, including Li'erban and Kangmairui, primarily due to intensified competition within the VBP schemes, resulting in our products' lower sales volume.

Our historical financial performance primarily reflects (i) the revenue contribution of each marketed product in our portfolio and their period-to-period sales fluctuations, (ii) our ability to maintain a stable gross profit margin across our marketed product portfolio, and (ii) our operating expenses and their impact on our profitability. As a result, we experienced fluctuations in our financial performance during the Track Record Period. While we recognized profit of RMB20.7 million for the year ended December 31, 2023, we recognized loss for the years ended December 31, 2024 and 2025, which amounted to RMB123.7 million and RMB173.9 million, respectively. For details regarding our approach to drive revenue growth and enhance our business sustainability and profitability, see “Financial Information — Business Sustainability and Profitability.”

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	535,526	577,450	575,482
Total current assets.	541,241	553,235	494,256
Total current liabilities	627,641	697,423	456,215
Net current (liabilities)/assets	(86,400)	(144,188)	38,041
Total assets less current liabilities.	449,126	433,262	613,523
Total non-current liabilities	155,602	193,981	474,078
Net assets	293,524	239,281	139,445

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash (used in)/generated from operating activities	(37,475)	(155,849)	8,544
Net cash flows used in investing activities.	(127,685)	(67,565)	(30,818)
Net cash flows generated from financing activities	102,217	146,329	92,163
Net increase/(decrease) in cash and cash equivalents.	(62,943)	(77,085)	69,889
Cash and cash equivalents at beginning of the year	206,925	144,021	66,949
Effect of foreign exchange differences, net.	39	13	18
Cash and cash equivalents at the end of the year	144,021	66,949	136,856

SUMMARY

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our Company.

DIVIDEND

During the Track Record Period, we did not declare or pay any dividends. After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A proposal to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board. Such proposals will depend on a number of factors, including our results of operations, cash flows, financial condition, cash dividends received from our subsidiaries, business prospects, statutory and regulatory restrictions, and other factors that our Board may consider important. Our Shareholders may approve dividend declarations, subject to our constitutional documents and applicable laws. We do not currently have a formal dividend policy or a fixed dividend payout ratio. For details, see “Financial Information — Dividends.”

[REDACTED]

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately [REDACTED] (assuming the [REDACTED] is not exercised), after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document. We currently intend to apply these [REDACTED] for the following purposes: (i) approximately HK\$[REDACTED], representing [REDACTED]% of the [REDACTED], will be used for the research and development of our pipeline products, including [REDACTED]% of the [REDACTED] for HL-1186, [REDACTED]% for H057, [REDACTED]% for YD0293, [REDACTED]% for YD0743, [REDACTED]% for YD6390, [REDACTED]% for H077, [REDACTED]% for H062, and [REDACTED]% for other research and development programs; and (ii) approximately HK\$[REDACTED], representing [REDACTED]% of the [REDACTED], will be used for working capital and other general corporate purposes. For further details, see “Future Plans and Use of [REDACTED].”

SUMMARY

PRE-[REDACTED] INVESTMENTS

We conducted multiple series of Pre-[REDACTED] Investments with the Pre-[REDACTED] Investors. For further details of the identity and background of the Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments, see “History and Corporate Structure — Pre-[REDACTED] Investments.”

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED], our H Shares to be converted from Unlisted Shares and issued pursuant to the [REDACTED], on the basis that we satisfy the market capitalization/revenue test under Rule 8.05(3).

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Dong, Dong Zhu, Ms. Wang, Yuyi Enterprise Management, Feihe Enterprise Management, Yunbai Enterprise Management, Shanghai Xintian, and Xintian Pharmaceutical, constituted our Controlling Shareholders, collectively being entitled to exercise the voting rights attached to approximately 57.42% of our total issued share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be entitled to exercise the voting rights attached to approximately [REDACTED]% of our total issued share capital. Accordingly, upon the [REDACTED], Mr. Dong, Dong Zhu, Ms. Wang, Yuyi Enterprise Management, Feihe Enterprise Management, Yunbai Enterprise Management, Shanghai Xintian, and Xintian Pharmaceutical, are a group of Controlling Shareholders of our Company. Notwithstanding that Xintian Pharmaceutical is one of our Controlling Shareholders, there is a clear delineation between the businesses of our Group and Xintian Pharmaceutical, as Xintian Pharmaceutical focuses on traditional Chinese medicine products while our Group primarily develops small-molecule chemical drugs, and their respective products are indicated for different diseases with no overlapping therapeutic applications. For further details of our corporate structure and the shareholding of our Controlling Shareholders, see “History and Corporate Structure” and “Relationship with Our Controlling Shareholders” in this document.

CONNECTED TRANSACTIONS

We have entered into and expect to continue transactions that will constitute the partially-exempt continuing connected transactions of our Company under the Listing Rules upon the [REDACTED]. In specific, we entered into a pharmaceutical products sales framework agreement with Guangzhou Youyi, which is indirectly controlled by Dong Zhu, our Director and one of our Controlling Shareholders, which is subject to the annual reporting requirement under Rules 14A.49 and 14A.71 and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the circular and independent Shareholders’ approval requirements under Rule 14A.36 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules upon the [REDACTED] in respect of such partially-exempt continuing connected transaction.

For further details of continuing connected transactions of our Company, see “Connected Transactions” in this document.

SUMMARY

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK\$[REDACTED] (based on an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] consist of (i) [REDACTED] expenses, including [REDACTED], of approximately HK\$[REDACTED], and (ii) non-[REDACTED] expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, [REDACTED] charged to our consolidated statements of profit or loss were HK\$[REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

Since the end of the Track Record Period, we have continued to advance our pipeline. In January 2026, we received market approval for azilsartan and amlodipine tablet, which is the first-to-market generic drug of its class in China. In the same month, our Phase IIa trial for HL-1186 for the treatment of moderate-to-severe acute postoperative pain was completed. In March 2026, we completed HL-1186’s Phase IIa clinical trial for the treatment of acute pain after abdominal surgery and obtained IND approval for YD6390 for the treatment of ulcerative colitis. For details, see “Business — Our Products.”

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain technical terms are explained in “Glossary of Technical Terms.”

“Accountants’ Report”	the accountants’ report for Track Record Period set out in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on January 19, 2026 which will become effective upon the [REDACTED] and as amended from time to time, a summary of which is set out in Appendix IV to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“CDE”	the Center for Drug Evaluation of the NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for the review and approval of IND and NDA
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this document and for geographical reference only and except where the context requires otherwise, shall have the same meaning as Chinese Mainland
“Chinese Mainland”	the mainland of the People’s Republic of China, which does not include Hong Kong, Macau, and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Shanghai Huilun Pharmaceutical Co., Ltd. (上海滙倫醫藥股份有限公司), a limited liability company established in the PRC on February 5, 2004, and converted into a joint stock company with limited liability on June 16, 2022
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Compliance Advisor”	Somerley Capital Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules. For further details, see section headed “Relationship with Our Controlling Shareholders” in this document
“Conversion of Unlisted Shares into H Shares”	the conversion of 403,650,318 Unlisted Shares into H Shares on a one-for-one basis upon the completion of [REDACTED]. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [•] and an application for H Shares to be [REDACTED] on the Stock Exchange has been made to the Listing Committee
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSDC”	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)” or “our Director(s)”	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“EU”	European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FDA”	the United States Food and Drug Administration
“Feihe Enterprise Management”	Shanghai Huilun Feihe Enterprise Management Partnership (Limited Partnership) (上海滙倫斐赫企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 10, 2022, one of our incentive platforms and one of our Controlling Shareholders
[REDACTED]	[REDACTED]
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and Independent Third Party, which prepared the Frost & Sullivan Report
“Frost & Sullivan Report”	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Group,” “our Group,” “our,” “we” or “us”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Guangzhou Youyi”	Guangzhou Youyi Health Pharmaceutical Chain Co., Ltd. (廣州市優醫健康藥業連鎖有限公司), a limited liability company incorporated under the laws of the PRC on January 20, 2014
“Guide for New Listing Applicants” or “Guide”	the Guide for New Listing Applicants as published by the Stock Exchange in December 2023 and amended from time to time
“Guizhou Siruide”	Guizhou Siruide Enterprise Management Partnership (Limited Partnership) (貴州思瑞德企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 23, 2020, one of our incentive platforms

DEFINITIONS

“Guiyang Xiangmiao”	Guiyang Xiangmiao Enterprise Management Partnership (Limited Partnership) (貴陽祥妙企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on February 23, 2023, one of our incentive platforms
[REDACTED]	[REDACTED]
“H Share(s)”	overseas [REDACTED] foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be [REDACTED] and [REDACTED] in HK dollars, and for which an application has been made for [REDACTED] and permission to [REDACTED] on the Stock Exchange
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars,” “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hubei Huilun”	Shanghai Huilun Hubei Pharmaceutical Co., Ltd. (上海滙倫湖北製藥有限公司), a limited liability company incorporated under the laws of the PRC on November 11, 2019 and a wholly-owned subsidiary of our Company
“IASB”	International Accounting Standards Board
“IFRS Accounting Standards”	IFRS Accounting Standards as issued by the IASB
“Independent Third Party(ies)”	an individual or a company which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“International Sanctions Counsel”	Han Kun LLP, our legal advisors on U.S. international sanctions and export control laws
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
“Jiangsu Huilun”	Shanghai Huilun Jiangsu Pharmaceutical Co., Ltd. (上海滙倫江蘇藥業有限公司), a limited liability company incorporated under the laws of the PRC on December 29, 2010 and a wholly-owned subsidiary of our Company
“Latest Practicable Date”	March 23, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
[REDACTED]	[REDACTED]
“Listing Committee”	the Listing Committee of the Stock Exchange
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
“Mr. Dong”	Mr. Dong Dalun (董大倫), our founder, chairman of the Board, non-executive Director, and one of our Controlling Shareholders
“Ms. Wang”	Ms. Liuzhen Wang (王柳珍), the spouse of Mr. Dong and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“NMPA”	the National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

DEFINITIONS

“NRDL”	National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) of the PRC
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Overseas Listing Trial Measures”	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisors”	Beijing DeHeng Law Offices, the legal advisors to our Company as to the laws of the PRC
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998, and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time
“Pre-[REDACTED] Investment(s)”	the pre-[REDACTED] investment(s) in our Company undertaken by the Pre-[REDACTED] Investor(s), details of which are set out in the section headed “History and Corporate Structure — Pre-[REDACTED] Investments” in this document
“Pre-[REDACTED] Investor(s)”	the investor(s) of Pre-[REDACTED] Investment(s)
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Huiqianna”	Shanghai Huiqianna Enterprise Management Consulting Centre (Limited Partnership) (上海薈謙納企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on July 13, 2021, one of our employee incentive platforms.
“Shanghai Xintian”	Shanghai Xintianzhi Pharmaceutical Biotechnology Co., Ltd. (上海新天智藥生物技術有限公司), a limited liability company established on October 8, 1992 and one of our Controlling Shareholders
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Share Incentive Plans”	the pre-[REDACTED] share incentive plans of our Company including (i) the arrangements under the partnership agreements of Guizhou Siruide, Shanghai Huiqianna and Guizhou Xiangmiao, and (ii) the 2022 Share Incentive Scheme
“[REDACTED],” [REDACTED] or [REDACTED]	the [REDACTED], [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
[REDACTED]	the [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
“Sole Sponsor”	the sole sponsor as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document

DEFINITIONS

“STA”	State Taxation Administration (中華人民共和國國家稅務總局)
[REDACTED]	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“subsidiarie(s)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the years ended December 31, 2023, 2024 and 2025
“U.S. dollars,” “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“United States,” “USA” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“VAT”	value added tax
“volume-based procurement scheme” or “VBP scheme”	a set of drug and medical device procurement regulations implemented in China. The VBP scheme aims to achieve a lower price of pharmaceuticals and medical devices center on medical products with mature, high-volume clinical usage and sufficient market competition through a competitive bidding process for large-volume procurement. VBP scheme has been rolled out at both national and provincial levels

DEFINITIONS

“Xintian Pharmaceutical”	Guiyang Xintian Pharmaceutical Co., Ltd. (貴陽新天藥業股份有限公司), a company established in the PRC on August 11, 1995, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002873) and one of our Controlling Shareholders
“Yunbai Enterprise Management”	Shanghai Huilun Yunbai Enterprise Management Partnership (Limited Partnership) (上海滙倫蘊柏企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 10, 2022, one of our incentive platforms and one of our Controlling Shareholders
“Yuyi Enterprise Management”	Shanghai Huilun Yuyi Enterprise Management Partnership (Limited Partnership) (上海滙倫煜翼企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 10, 2022, one of our incentive platforms and one of our Controlling Shareholders
“%”	per cent
“2022 Share Incentive Scheme”	the share incentive scheme adopted by the Company on November 30, 2022, and amended on August 18, 2025, the principal terms of which are summarized in “Appendix V — Statutory and General Information — Share Incentive Plans”

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

In this document the terms “associate(s),” “close associate(s),” “connected person(s),” “core connected person(s),” “connected transaction(s),” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“5-FU”	5-Fluorouracil, an antimetabolite chemotherapy agent that interferes with DNA synthesis
“ACS”	acute coronary syndrome, a group of heart conditions resulting from the sudden reduction of blood flow to the heart, which leads to shortness of breath and sudden chest pain
“ADR”	adverse drug reaction, unintended, harmful events attributed to the use of medicines
“AE”	adverse event, which may be mild, moderate, or severe, any untoward medical occurrence in a patient or subject receiving a drug or other pharmaceutical product in a clinical trial and which does not necessarily have a causal relationship with the treatment
“ALI”	acute lung injury, a clinical syndrome characterized by acute hypoxemic respiratory failure due to diffuse lung injury, commonly associated with conditions such as sepsis, pneumonia, trauma, or drug toxicity. It represents a less severe form of acute respiratory distress syndrome (ARDS)
“AML”	acute myeloid leukemia, a serious acute condition with poor prognosis
“ANDA”	Abbreviated New Drug Application, application for the approval of a generic version of an already approved brand-name drug
“API”	active pharmaceutical ingredient, the biologically active component in a pharmaceutical drug that produces the intended therapeutic effect
“ARDS”	acute respiratory distress syndrome, a life-threatening lung condition that occurs when fluid builds up in the alveoli (air sacs) of the lungs, preventing adequate oxygen from reaching the bloodstream. It is characterized by rapid onset of widespread inflammation in the lungs
“AUC”	area under the curve, a pharmacokinetic parameter that measures the body’s exposure to a drug, i.e., how much of the drug reaches a person’s bloodstream over a given period of time after a dose is administered
“avanafil”	a selective phosphodiesterase type 5 (PDE5) inhibitor indicated for the treatment of erectile dysfunction in adult men
“BPH”	benign prostatic hyperplasia, a non-cancerous enlargement of the prostate gland that commonly affects men as they age, potentially causing urinary symptoms

GLOSSARY OF TECHNICAL TERMS

“bronchiectasis”	a chronic respiratory condition characterized by abnormal widening and scarring of the airways, leading to persistent cough and recurrent infections
“CAGR”	compound annual growth rate
“cAMP”	cyclic adenosine monophosphate, a key intracellular signaling molecule that regulates various cellular processes
“CAP”	community-acquired pneumonia, an acute lung infection contracted outside healthcare settings
“CDMO”	contract development and manufacturing organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of development and manufacturing services outsourced on a contract basis
“C _{max} ”	the maximum observed concentration of a drug
“CMC”	chemistry, manufacturing and controls, also commonly referred to as process development, which covers the comprehensive documentation and processes that define the chemical composition, manufacturing procedures, and quality control measures for pharmaceutical products. CMC encompasses the development, scale-up, and validation of manufacturing methods to ensure consistent product quality and compliance with regulatory standards
“CMML”	chronic myelomonocytic leukemia
“CNS”	central nervous system, comprises the brain and spinal cord
“COPD”	chronic obstructive pulmonary disease, a chronic inflammatory lung disease that causes obstructed airflow from the lungs, with symptoms including breathing difficulty, cough and mucus production
“mCRC”	metastatic colorectal cancer, a type of cancer arising from the colon or rectum that has spread to other parts of the body
“CRO”	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
“CRS”	chronic rhinosinusitis, inflammation of the nasal cavity and sinuses lasting 12 weeks or longer
“CRSsNP”	chronic rhinosinusitis without nasal polyps

GLOSSARY OF TECHNICAL TERMS

“CTCAE Grade”	the standardized classification of the severity of adverse events according to Common Terminology Criteria for Adverse Events (CTCAE), developed by the U.S. National Cancer Institute (NCI). The CTCAE provides a grading scale from Grade 1 (mild) to Grade 5 (death related to AE) to ensure consistent assessment, documentation, and reporting of treatment-related toxicities across studies
“dienogest”	a synthetic progestin used primarily for the treatment of endometriosis
“DPNP”	diabetic peripheral neuropathic pain, nerve pain in the extremities caused by diabetes-related nerve damage
“DPP1”	dipeptidyl-peptidase 1, an enzyme involved in the activation of neutrophil serine proteases
“DVT”	deep vein thrombosis, a blood clot that forms in a deep vein
“endometriosis”	a condition where tissue similar to the uterine lining grows outside the uterus, causing pain and other symptoms
“GMP”	good manufacturing practice, a system for ensuring that products are consistently produced and controlled according to quality standards
“HYP”	hydroxyproline, an amino acid that is a major component of collagen and serves as a biomarker for collagen metabolism
“IBD”	a group of chronic, immune-mediated inflammatory conditions of the gastrointestinal tract, primarily including ulcerative colitis and Crohn’s disease
“IC ₅₀ ”	concentration at half maximal inhibition, a measure of the potency of a substance in inhibiting a specific biological or biochemical function
“IL-6”	interleukin-6, a pro-inflammatory cytokine that plays a key role in immune responses and inflammation
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
“innovative drug”	Category 1 innovative drug or Category 2 modified new drug as classified by the NMPA in China, unless the context otherwise requires, and comparable designations in other jurisdictions
“inflammation”	a protective biological response of the body’s immune system to harmful stimuli such as infection, injury, or irritants, aimed at eliminating the cause and initiating tissue repair
“ <i>in vitro</i> ”	Latin for “within the glass”, studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules

GLOSSARY OF TECHNICAL TERMS

“ <i>in vivo</i> ”	Latin for “within the living”, studies <i>in vivo</i> are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done <i>in vitro</i>
“levofolinic acid”	the biologically active L-isomer of folinic acid and an essential reduced form of folate. It plays critical roles in DNA synthesis and repair through its involvement in purine and pyrimidine nucleotide production as well as amino acid metabolism
“MAD”	multiple ascending dose, a clinical trial design in which drug doses are gradually increased to determine the tolerability and optimal dose of the study drug after multiple dosing
“Nav1.8”	voltage-gated sodium channel 1.8, a sodium channel protein primarily found in pain-sensing neurons
“nebulizer”	a medical device that converts liquid medication into a fine mist for inhalation therapy
“neutrophil elastase”	an enzyme released by neutrophils that plays a role in inflammation and tissue damage
“PALI”	postoperative acute lung injury, a severe respiratory condition that occurs following major surgical procedures
“PDE4B”	phosphodiesterase 4B, an enzyme belonging to the PDE4 family. It specifically hydrolyzes cAMP into its inactive form, thereby regulating intracellular levels of cAMP. PDE4B is expressed in various tissues, particularly in immune cells and the central nervous system, and plays an important role in modulating inflammatory responses, immune cell activity, and certain neurological processes. Dysregulation of PDE4B has been associated with inflammatory diseases, psychiatric disorders, and some cancers, making it a target for therapeutic intervention
“PFS”	progression-free survival, the length of time during and after the treatment that a patient lives without the disease getting worse
“pharmacodynamics” or “PD”	the study of a drug’s molecular, biochemical, and physiologic effects or actions
“pharmacokinetics” or “PK”	a measurement of how fast and how completely the drug is absorbed into animal or human body, and the distribution, metabolism, and excretion of drugs in animal or human body
“Phase I clinical trial”	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness

GLOSSARY OF TECHNICAL TERMS

“Phase II clinical trial”	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, preliminarily evaluate the efficacy of the product for specific targeted diseases, and determine dosage tolerance and optimal dosage
“Phase III clinical trial”	a study in which a drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the product’s labeling
“pneumonia”	inflammation of the lung tissue, particularly the alveoli and surrounding tissues, usually caused by an infection from bacteria, viruses, fungi, or other microorganisms
“postoperative acute pain”	pain experienced immediately following surgical procedures
“PTE”	pulmonary thromboembolism, a blockage in one of the pulmonary arteries in the lung by a blood clot
“QT/QTc interval”	a measurement on an electrocardiogram that represents the time between ventricular depolarization and repolarization
“rivaroxaban”	a factor Xa inhibitor for the treatment and prevention of deep vein thrombosis and pulmonary thromboembolism in adults
“SAD”	single ascending dose, a study design in which single doses of a drug are gradually increased to evaluate safety and tolerability
“SAEs”	serious adverse events, adverse events occurring during clinical drug use that pose a significant threat to the patient’s health or life, including those leading to death, life-threatening conditions, the need for hospitalization or prolonged hospitalization, permanent or severe disability/loss of function, or congenital abnormalities/birth defects
“sepsis”	life-threatening organ dysfunction from dysregulated immune response to infection
“silodosin”	an alpha-1 adrenergic receptor antagonist used to treat benign prostatic hyperplasia
“sivelestat sodium”	a neutrophil elastase inhibitor used for the treatment of ARDS
“SIRS”	systemic inflammatory response syndrome, a widespread inflammatory response to various clinical insults
“ticagrelor”	an oral antiplatelet medication used to prevent cardiovascular events

GLOSSARY OF TECHNICAL TERMS

“ $T_{\max}$ ”	the time taken to reach the maximum plasma concentration ($C_{\max}$) of a drug following administration
“TNF- α ”	tumor necrosis factor alpha, a pro-inflammatory cytokine released by immune cells that can induce tumor cell death, regulate immune responses, and stimulate inflammation
“VTE”	venous thromboembolism, a condition that occurs when a blood clot forms in a vein

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “might,” “ought to,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include the following: (i) the market opportunities of our products; (ii) our operations and business prospects; (iii) our business strategies and plans to achieve these strategies; (iv) industry trends and competition; (v) general economic, political and business conditions in the industries and markets in which we operate; (vi) relevant government policies and regulations relating to our industry, business and corporate structure; (vii) our ability to attract and retain senior management and key employees; (viii) our ability to maintain good relationships with business partners; (ix) our ability to control costs and expenses; (x) our ability to defend our intellectual rights and protect confidentiality; (xi) our dividend policy; (xii) changes or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; (xiii) capital market developments; (xiv) all other risks and uncertainties described in the section headed “Risk Factors” in this document; and (xv) other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section. In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our H Shares. The information given is also subject to the cautionary statements in “Forward-Looking Statements.” The following is a description of what we consider to be our material risks.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors. Inability to maintain the sales volume, pricing levels and profit margins of our products would adversely affect our profitability.

As of the Latest Practicable Date, we had built a portfolio of over ten marketed products and multiple drug candidates encompassing key therapeutic areas including immunology and inflammation, pain management, oncology and other chronic disorders. See “Business — Our Products” for details. The development and commercialization of pharmaceutical products is highly competitive, we may not be able to compete effectively against current and future competitors on the basis of efficacy, safety, price or general market acceptance.

For the years ended December 31, 2023, 2024 and 2025, revenue from the sales of our five key marketed products accounted for 96.6%, 95.4%, and 92.6% of our total revenue for the respective period. Before we generate revenue from the commercialization of our drug candidates, we expect that our revenue will continue to be concentrated in a small number of marketed products in the near future. Inability to maintain the sales volume, pricing levels and profit margins of our marketed products would materially and adversely affect our business, financial condition and results of operations, which could hinder our ability to invest in and develop new products, thereby affecting our long-term growth prospects.

The sales volumes, pricing levels and profitability of our products may be adversely affected by various factors, many of which are beyond our control, including: (i) exclusion from, or reduced coverage under, the national or other government-sponsored medical insurance programs; (ii) the impact of government pricing regulations, such as volume-based procurement; (iii) competition and lack of success in the centralized procurement process necessary for sales to public hospitals and other public medical institutions; (iv) sales of substitute products by competitors; (v) interruptions in the supply of raw materials, increases in the cost of raw materials; (vi) issues with product quality or side effects; (vii) intellectual property infringements; (viii) adverse changes in our sales and distribution network; and (ix) unfavorable policy, regulatory or enforcement changes.

Our competitors primarily include large domestic and international pharmaceutical companies, as well as smaller emerging biopharmaceutical companies, who may currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications as ours. Some of these competitors have greater financial, technology and other resources than us. Furthermore, the competitive landscapes of our target markets are constantly evolving with the emergence of next-generation technologies and therapeutic approaches, which could drive the development of

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superior treatment options. We cannot guarantee that our marketed products and candidates, upon their commercialization, will compete effectively in this competitive market environment, and their lack of competitiveness could result in the decrease of sales and loss of market share.

Our commercial opportunities could be significantly reduced or even eliminated if our competitors develop and commercialize drugs that are safer, more effective, more convenient, or less expensive than our marketed products or the drug candidates. Our competitors also may obtain approval from the NMPA or other comparable regulatory authorities for their drugs more rapidly than we can, potentially establishing a strong competitive position before our market entry. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our product candidates. Furthermore, there may also be consolidation in the pharmaceutical industry among our competitors, or alliances among competitors that may rapidly acquire significant market share. Through collaborative arrangements with large and established companies, smaller or early-stage biopharmaceutical companies may also prove to be significant competitors. If we fail to effectively compete with our competitors or adjust to structural changes in the pharmaceutical industry, our revenue and profitability may be materially and adversely affected.

Pricing regulations or other policies such as volume-based procurement (the “VBP”) that are intended to reduce healthcare costs could subject us to pricing and volume pressures and adversely affect our operations, revenue and profitability.

The PRC government may reform the schemes of pricing control and statutory tender processes for pharmaceutical products or revise other policies affecting prices of pharmaceutical products over time. In November 2018, the national pilot program for volume-based procurement (the “VBP”) scheme with minimum procurement quantities was launched in 11 cities in China, which has been extended nationwide since 2019. The initiative aims to secure larger quantities of pharmaceutical products at lower prices and thus may potentially impact how drugs are priced and procured in China. See “Regulatory Overview — Other Laws and Regulations in Relation to Medical Industry — National Centralized Procurement Program and Tendering Procedures” for details.

As of December 31, 2025, five of our approved products were included in national or provincial VBP schemes, namely Kangmairui, Li’erban, Qianweilai, Weidagan and Pirui. See “Business — Pricing — VBP Schemes” for details. The VBP schemes, while enabling larger sales volumes, exert downward pressure on our product pricing to win bids and influence the prices at which we sell our products to our customers, thus potentially affecting our revenue and profitability. In addition, the drug coverage of the VBP schemes may be updated from time to time, and there can be no assurance that any of our additional drugs will be included in such schemes in the future. If our competitors win the bid under such schemes while we fail to do so, demand for our products may decrease, which could adversely affect our procurement volumes through public hospitals and our market penetration. Moreover, even if our products win the bid, there may be discrepancies between the estimated procurement volumes set out in the tender documents and the actual procurement volumes. Consequently, there are uncertainties regarding the impact of the implementation of the VBP schemes on the sales volume and revenue of the winning products.

National or other government-sponsored medical insurance programs may have a material impact on our sales, profitability and business prospects.

Insurance coverage is a critical factor in a patient’s ability to afford treatments, and without it, the demand for our products could diminish. If a pharmaceutical product is covered by medical insurance, whether provided by the government or a private entity, patients may be entitled to reimbursement for all or a portion of the cost. Consequently, the inclusion or exclusion of a

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pharmaceutical product in or from insurance program such as the NRDL or other government-sponsored medical insurance programs in China will significantly affect patient demand.

As of December 31, 2025, eight of our approved products were included in the NRDL, including key marketed products such as Kangmairui, Li'erban, and Dinuo'an. The selection of pharmaceutical products for listing in medical insurance catalogs is based on a variety of factors, including clinical needs, frequency of use, effectiveness, safety and price. There can be no assurance that any of our products will remain in or be added to the NRDL. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL, our revenue from the sales of approved products would be highly dependent on patient self-payment, which can make our products less attractive. Patients may choose other products with similar efficacy but lower price which have been included in the NRDL.

Moreover, the PRC government authorities may also, from time to time, review and revise, or change the scope of reimbursement for, the products that were previously covered. Therefore, there can be no assurance that any of our products currently listed in these medical insurance catalogs will remain listed, or that changes in the scope of reimbursement will not negatively affect our products. If any of our products or their indications are removed from any medical insurance catalog, or if the scope of reimbursement is reduced, demand for our products may decrease and our revenue and profitability could be adversely affected. Even if the government authorities were to accept our application for the inclusion of products in the catalog, our potential revenue from the sales of these products could still decline as we may be required to significantly lower their prices to secure such inclusion.

Our products may not achieve sufficient market acceptance, and the actual market size of our product candidates could be smaller than expected.

The commercial success of our products, is highly dependent on their continued market acceptance among patients, healthcare practitioners, and others in the medical community. We believe that the market acceptance of our products and drug candidates depends on many factors, including: (i) the clinical advantages of our products over competing products and the availability and success of competing products; (ii) the safety and efficacy of our products; (iii) the pricing, cost effectiveness and patient switching costs of our products; (iv) the effectiveness of our sales and marketing efforts; (v) publicity concerning our products or competing products; and (vi) our ability to respond to changes in needs and preferences of healthcare practitioners and patients.

In addition, market acceptance of a product is also affected by whether it is included in the NRDL or other government-sponsored medical insurance programs. See also “— National or other government-sponsored medical insurance programs may have a material impact on our sales, profitability and business prospects”. If our products fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are more cost-effective or are received more favorably by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community, the demand for our products may decline and our business and profitability may be materially and adversely affected.

Furthermore, the actual market size of our product candidates may not be as large as we anticipate, influenced by various factors such as market acceptance, pricing, and patient availability. The number of patients in the addressable markets may turn out to be lower than expected, or new patient identification and access may become more challenging. Any of these unfavorable developments could adversely affect our business, financial condition and results of operations.

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We may not be able to accurately predict the safety profile of our marketed products and drug candidates, including when used in combination with other drugs. If our marketed products and drug candidates cause, or are perceived to cause, severe side effects, our results of operations and business prospects could be adversely affected.

We may experience unexpected safety issues emerging in new patient populations or new indications. For instance, the same drug could have different effects on patients with different physical conditions or on other medications, and the corresponding reactions could be unpredictable. In addition, we may not be able to accurately predict how the products we sell or drug candidates may develop or market will interact with other drugs, including causing possible adverse side effects not directly attributable to each drug used as a monotherapy that could compromise the safety profile of these drugs when used in combination therapies.

Safety issues associated with our products could lead to product liability claims, increased regulatory scrutiny and additional requirements such as revised labeling, product withdrawals, or fines and penalties. The dissemination of adverse safety events involving our products or products similar to ours, and public rumors about such events, could damage confidence in our products and harm our reputation. Any of the foregoing may result in liabilities, loss of revenue, material write-offs of inventory, and other adverse impacts on our business, financial condition and results of operations.

We rely on our distribution network to sell and distribute our drugs, and if we fail to maintain, manage and expand our distribution network, our business could be adversely affected.

Our ability to maintain and grow our sales depends on our ability to manage, expand and optimize distribution channels. Consistent with industry practice, during the Track Record Period, we sold the majority of our products through distributors in China. For the years ended December 31, 2023, 2024 and 2025, we generated 97.9%, 96.8% and 94.0% of our total revenue through sales to distributors, respectively. See “Business — Sales and Marketing” for details. In addition, while the engagement of sub-distributors is not allowed for sales to public medical institutions in accordance with the two-invoice system, we generally allow our regional distributors to engage sub-distributors for products sold to pharmacies and private medical institutions. Non-compliance by any of our distributors or sub-distributors may adversely affect the sales and distribution of our products. Nor can we guarantee their continuous compliance with our sales policies or prevent potential competition among them for market share of our products. Failure by these distributors and sub-distributors to sell our products efficiently, manage inventory appropriately, or adhere to our pricing and marketing strategies could disrupt our commercial operations and sales performance.

Specifically, any actual or alleged violation or noncompliance by our distributors of the distribution agreements, our internal policies or any applicable laws and regulations could result in the erosion of our goodwill, expose us to liabilities, disrupt our distribution network and create an unfavorable public perception about the quality of our products. In line with industry practice in China, we typically enter into distribution agreements with our distributors for a prescribed term. See “Business — Sales and Marketing — Sales Channels — Distributors” for details. Our distributors may elect not to renew their distribution agreements with us or otherwise terminate their business relationships with us for various reasons, including if the pricing regulations or other factors substantially limit the margins. In addition, we may not be able to establish business relationships with new distributors to support the continued growth of our business. Additionally, our distributors may also cease or reduce their purchases of our products. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

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If we are unable to maintain a qualified sales force or effectively promote our drug products, our business and results of operations could be adversely affected.

Successful sales and marketing efforts are crucial for us. Our ability to attract, motivate and retain a sufficient number of qualified sales professionals is key to our success. Given the intense competition for experienced commercial talent in the pharmaceutical industry, any failure to maintain an effective sales force could limit our ability to achieve targeted sales volumes, expand hospital coverage, or grow market share as planned. Our sales and marketing efforts include raising awareness and knowledge of our marketed products and drug candidates among medical professionals, hospitals, other medical institutions and pharmacies. Therefore, our sales and marketing force must possess adequate technical knowledge, up-to-date understanding of industry trends, necessary expertise in the relevant therapeutic areas and products, as well as sufficient promotion and communication skills. If we are unable to effectively train and develop our in-house sales force, our sales and marketing may be less successful than desired. See “Business — Sales and Marketing” for details.

Negative results from off-label use of our existing and future products could harm our business reputation, product brand and financial condition and expose us to liability.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is the prescription of a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. The NMPA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use. Nevertheless, there remains the risk that our product is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by regulatory authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse events. Any of these occurrences can create negative publicity and materially and adversely affect our reputation, product brand, operations and financial conditions. These occurrences may also expose us to liability, negatively affect the sales of our marketed products, or result in a delay in our clinical trials or failure to obtain regulatory approval for our drug candidates.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We cannot guarantee that we will be able to achieve or maintain profitability in the future.

We have experienced fluctuations in our financial performance during the Track Record Period. We recorded revenue of RMB984.8 million, RMB685.6 million and RMB685.8 million for the years ended December 31, 2023, 2024 and 2025, respectively. While we recognized profit of RMB20.7 million for the year ended December 31, 2023, we recognized loss for the years ended December 31, 2024 and 2025, which amounted to RMB123.7 million and RMB173.9 million, respectively. Our revenue, expenses and operating results may be subject to period-to-period fluctuations driven by various factors beyond our control, such as market conditions in China’s pharmaceutical industry. In addition, our financial and operating results may not meet the expectations of public market analysts or [REDACTED] in the future, potentially causing our share price to decline. Consequently, there can be no assurance that our future revenue will increase or that we will be able to achieve and maintain profitability. [REDACTED] should not rely on our historical results as an indicator of our future financial or operating performance.

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We recorded net current liabilities as of December 31, 2023 and 2024 and had net cash used in operating activities in 2023 and 2024. Our improved net current assets position as of December 31, 2025 and operating cash flows in 2025 may not be sustained, which may expose us to liquidity risk.

We recorded net current liabilities of RMB86.4 million and RMB144.2 million as of December 31, 2023 and 2024, respectively. We also recorded net cash used in operating activities of RMB37.5 million and RMB155.8 million in 2023 and 2024, respectively. As of December 31, 2025, we recorded net current assets of RMB38.0 million, and for the year ended December 31, 2025, we recorded net cash generated from operating activities of RMB8.5 million. For details, see “Financial Information — Liquidity and Capital Resources.” Although our liquidity position improved in 2025, there is no assurance that such improvement will be sustained. 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.

We are subject to credit risk in collecting trade receivables due from our customers.

Our business and financial results are dependent on the timely payments and credit worthiness of our customers. Our trade receivables turnover days were 63 days, 148 days and 143 days for the years ended December 31, 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, our trade receivables (net of loss allowance) amounted to RMB225.7 million, RMB313.8 million and RMB205.3 million, respectively. There is no assurance that all such amounts will be settled on time or at all, and we are subject to credit risk in collecting the trade receivables due from the customers. Our performance, liquidity and profitability will be adversely affected if significant amounts due to us are not settled on time. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

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

During the Track Record Period, we funded our operations and other capital requirements primarily through cash generated from our operations, bank borrowings and pre-[REDACTED] investments. We expect to continue incurring significant costs and expenses to drive our R&D activities, particularly as we advance the development of our drug candidates, including conducting clinical trials of, and seek regulatory approval for, existing and future drug candidates. In addition, we expect to incur significant expenses relating to the manufacturing, marketing, sales and distribution of our marketed products, including fulfilling post-approval obligations to continuously monitor the efficacy and safety of these products. We may also incur further costs as we enhance our overall capabilities to operate as a public company. Consequently, we may need to secure substantial additional funding in connection with our continuing operations.

We expect to fund our future operations primarily with our cash on hand, cash generated from operating activities, bank borrowings, and [REDACTED] from the [REDACTED]. Should we fail to generate sufficient cash flow for our operations or secure adequate external funds, our liquidity and financial health could deteriorate, constraining business expansion. In addition, any alternative financing may involve higher costs, uncertain availability, or unfavorable terms. Such limitations may heighten our vulnerability to adverse economic and industry conditions, which could adversely affect our financial condition and results of operations.

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Share-based payments may impact our financial performance.

To remunerate our core employees, Directors and senior management for their services, incentivize and reward those eligible persons who have contributed to our Company’s success, we have established Share Incentive Plans. For details, see “History and Corporate Structure — Incentive Platforms.” For the years ended December 31, 2023, 2024 and 2025, we incurred equity-settled share-based payments of RMB10.2 million, RMB8.5 million and RMB2.1 million, respectively. We consider the granting of share-based compensation to be of substantial significance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based payments may increase, which could affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective employee incentive plan from time to time. Any such reassessments could result in material fluctuation in our share-based payments in the reporting periods following this [REDACTED].

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

The property valuation report prepared by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, set out as Appendix III to this document with respect to the appraised values of our properties is based on various assumptions, which are inherently subjective and uncertain and may differ from actual results. The assumptions that Asia-Pacific Consulting and Appraisal Limited used in the property valuation report include that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests. Certain of the assumptions used by Asia-Pacific Consulting and Appraisal Limited in reaching the appraised value of our properties may be inaccurate or unreasonable. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the appraised value of our properties may differ materially from the price we could obtain in an actual market sale of the properties and should not be taken as their actual realizable value or an estimation of their realizable value. You should not place undue reliance on such values attributable to these properties as appraised by Asia-Pacific Consulting and Appraisal Limited.

Fluctuations in exchange rates could adversely affect our financial condition and results of operations.

The Renminbi has fluctuated against the Hong Kong dollar and U.S. dollar. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in political and economic conditions and by foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the Hong Kong dollar or U.S. dollar in the future. The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. These factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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We benefit from certain government grants and preferential tax treatments, the discontinuation of or changes to which could adversely affect our financial condition and profitability.

We recognized government grants amounting to RMB6.5 million, RMB10.8 million and RMB12.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. These government grants primarily represent financial incentives received from the local governments to support our research and development activities. We also enjoyed preferential tax treatment during the Track Record Period. See “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Net Income” for details. The government grants and preferential tax treatments we receive are subject to the discretion of relevant government authorities, who may reduce or eliminate such incentives at any time, generally with prospective effect. Given this inherent uncertainty, our net income in a particular period may fluctuate relative to other periods beyond those attributable to our underlying business performance or operational factors. Consequently, the discontinuation or changes of such government grants, preferential tax treatments, and other related financial incentives currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

RISKS RELATING TO THE DEVELOPMENT OF OUR DRUG CANDIDATES

Failures or delays in advancing our drug candidates could adversely affect our business and prospects.

Our future revenue and profitability are substantially dependent on our ability to complete the development of our drug candidates, obtain the requisite regulatory approvals, and successfully manufacture and commercialize our drug candidates. As of the Latest Practicable Date, we had multiple drug candidates in our pipeline, including four Category I innovative drugs and three Category II modified new drugs under clinical development. See “Business — Our Products” for details. If we fail to achieve the anticipated development, regulatory and commercial milestones for one or more of our drug candidates, our business and prospects could be adversely affected. Our drug candidates, given their novelty and differentiated features, may carry inherent development risks that could result in delays in clinical development, regulatory approvals or commercialization. Such setbacks may require additional technical, human, and financial resources to resolve, potentially resulting in cost overrun, or even leading to the suspension or discontinuation of the process. If competitors advance similar products ahead of us due to these delays, our ability to successfully commercialize our candidates could be significantly impaired. This may have a material and adverse effect on future profits generated from our drug candidates, which in turn affects our competitive position, business, financial condition and results of operations.

Clinical development involves a lengthy and expensive process with uncertain outcomes.

The clinical development process of pharmaceutical products is capital-intensive, time-consuming, and inherently uncertain. We may encounter unexpected difficulties, which could necessitate adjustments to our resource allocation strategy and clinical development plans. Failure may occur at any time or stage during the process, including: (i) regulators or ethics committees refusing authorization for trials or specific sites; (ii) the need to amend, suspend, or terminate trials due to safety risks or lack of efficacy; (iii) difficulties in negotiating agreements with CROs and trial sites; (iv) intellectual property disputes or failure to secure protection; (v) manufacturing issues, such as CDMO negotiations or supply shortages; and (vi) insufficient or slower patient enrollment or high dropout rates.

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Furthermore, the results of preclinical studies and early clinical trials may not be predictive of the success of later-phase clinical trials, and favorable initial or interim results of a clinical trial do not necessarily indicate the success of final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials, and despite the level of scientific rigor in the design of such studies and trials and the adequacy of their execution. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, such as differences in the size and demographics of the enrolled patients, their adherence to the treatment regimen and pre-existing medical conditions, and differences in the number of clinical trial sites and regions involved.

Many companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results at an earlier stage. We cannot guarantee that the results from our future research and development efforts will be favorable based on currently available clinical and preclinical data, which could result in delays in clinical trials, regulatory approvals and commencement of commercialization of our drug candidates. See also “— Risks Relating to Government Regulations — The regulatory approval processes of the NMPA and other comparable regulatory authorities are time-consuming and uncertain.”

We may not achieve successful outcomes from our substantial investments in research and development, and may fail to capitalize on more promising opportunities due to resource allocation decisions.

The global biopharmaceutical market is constantly evolving, requiring us to continuously invest significant human and financial resources to advance our product pipeline and enhance our technology platforms. For example, we incurred research and development expenses of RMB211.1 million, RMB194.8 million and RMB234.3 million for the years ended December 31, 2023, 2024 and 2025, respectively. Despite these substantial investments, we may not be able to successfully develop or commercialize new technologies or drug candidates in a timely or cost-effective manner, or secure adequate intellectual property protection. Failure to achieve expected outcomes could render our prior efforts obsolete and negatively affect our competitiveness.

Given these resource constraints and development uncertainties, we prioritize research programs and drug candidates targeting selected indications within our product pipeline as part of our strategic focus and resource planning. We may in turn forgo or delay pursuing opportunities related to other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Such resource allocation decisions may prevent us from capitalizing on viable commercial products or profitable market opportunities, result in impairment losses on related intangible assets, or otherwise negatively affect our financial condition and results of operations. If our current pipeline priorities do not yield the anticipated outcomes, we may need to adjust our resource allocation strategy and clinical development plans. Furthermore, if we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we could potentially relinquish valuable rights to that drug candidate through collaboration or license arrangements in scenarios where retaining sole development and commercialization rights would have been more advantageous. Conversely, we may allocate internal resources to a drug candidate where entering into a collaboration or license arrangement would have been preferable and more cost-efficient. Either scenario could adversely affect our future growth and prospects.

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible subjects in a timely manner. Inadequate enrollment or delays in enrollment could result in significant delays in our clinical trials, prolonging timelines for data readouts or regulatory submissions, and increasing overall development costs. In addition, some of our competitors may have ongoing clinical trials for drug candidates targeting the same indications as ours. As a result, subjects who would otherwise meet the applicable criteria set out in our protocol may instead enroll in our competitors’ trials, which may further delay our clinical trial enrollments. Subject enrollment for our clinical trials may be affected by a variety of factors, including: (i) the size and nature of the patient population and disease severity; (ii) trial eligibility criteria and study design; (iii) the availability and competence of clinical sites and investigators; (iv) patient consent and perceptions of the drug versus other therapies; (v) physician referral practices; and (vi) external disruptions such as health epidemics or natural disasters.

The complexity and severity of the diseases under investigation may further exacerbate enrollment difficulties. For example, some of our drug candidates are being developed to treat high-mortality conditions and severe immune-mediated inflammatory diseases, which involves inherently substantial challenges, from patient enrollment to trial execution, including inevitable deaths of critically ill patients, severe complications, and complex ICU environments. These factors significantly complicate subject recruitment and retention, which could potentially hinder the overall clinical trial progress. Even if we are able to recruit a sufficient number of eligible subjects for our clinical trials, any delays or difficulties encountered during the enrollment process could adversely impact our clinical development progress, resulting in increased costs, obstacles to trial completion, and disrupted timelines for planned trials, all of which would hinder our ability to advance our drug candidates.

Adverse events or undesirable side effects caused by our drug candidates could interrupt 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 (“AEs”) and undesirable side effects caused by our drug candidates could cause us or regulatory authorities to interrupt or halt clinical trials and may result in a narrowed scope of indications or a more restrictive label of our drug candidates, a delay or denial of regulatory approval by the NMPA or other comparable regulatory authorities, or a significant change in our clinical protocol or even our development plan. Results of clinical trials involving our drug candidates could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated by the NMPA or other comparable regulatory authorities, who could also deny approval of our drug candidates for any or all targeted indications. AEs related to our drug candidates may also affect subject recruitment or the ability of enrolled subjects to complete the trial, and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects.

Additionally, if we or others identify undesirable side effects caused by our drug candidates after they receive regulatory approval, it may lead to potentially significant negative consequences, including (i) withdrawal of approvals, license revocation, or marketing suspension; (ii) additional label warnings, restrictions, or the imposition of risk mitigation strategies; (iii) stricter inspections, changes to administration methods, or mandatory post-marketing studies; (iv) litigation and liability for patient harm; and (v) reputational damage. Further, combination therapy involving our drug candidates and third-party agents may give rise to AEs, some of which could be exacerbated

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compared with AEs from monotherapies. Any of these events could prevent us from achieving or maintaining market acceptance of any approved drug candidate and could significantly harm our business, financial condition, results of operations and prospects.

Interim, top-line and preliminary data from our clinical trials that we announce or publish from time to time are subject to change.

From time to time, we may publicly disclose top-line or preliminary data from our preclinical studies and clinical trials, which is based on initial analysis of available data at the time. The related findings and conclusions remain subject to changes upon a more thorough and comprehensive review. As our analyses proceed, we may make assumptions, estimations, calculations and conclusions without having had the opportunity to fully assess all relevant data. Consequently, the top-line or preliminary results we disclose may differ from future results of the same studies, or additional data and full evaluations may lead to different interpretations or modify earlier conclusions. Furthermore, top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. Accordingly, such top-line data should be interpreted and viewed with caution until the final, validated results are available.

Interim data from clinical trials we may complete are subject to the risks that one or more clinical outcomes could change materially as subject enrollment progresses and additional participant data become available. Adverse discrepancies between preliminary or interim data and final data could significantly harm our business prospects. Moreover, the disclosure of interim data by us or our competitors could lead to volatility in the price of our Shares after the [REDACTED]. In addition, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses, or may interpret or weigh the importance of data differently, which could impact the perceived value, likelihood for approval, and commercial potential the of our drug candidates.

RISKS RELATING TO THE MANUFACTURING OF OUR DRUGS AND DRUG CANDIDATES

If we suffer substantial disruption to any of our manufacturing facilities, or encounter problems in manufacturing our marketed products and drug candidates, our business and results of operations could be adversely affected.

We manufacture most of our marketed tablet and capsule products and a substantial majority of APIs in-house. See “Business — Manufacturing” for details. Manufacturing activities at these facilities could be substantially interrupted due to a range of factors, including natural disasters, operational disruptions, security threats, land-related issues, and regulatory compliance issues. If the operation of any of our manufacturing facilities is severely disrupted, we may not be able to locate alternatives to continue our production in a legal, timely and cost-effective manner or at all. And in the event of a significant business disruption, our insurance coverage may be insufficient to cover the resulting losses. We may also encounter other issues in manufacturing, due to a variety of reasons, including equipment malfunctions, deviations from established protocols and procedures, deficiencies in raw materials, and delays in constructing new facilities or the expanding existing ones.

Failure to maintain proper quality control or produce products that satisfy necessary quality standards could harm our business and reputation, and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet certain quality standards. Despite our quality control system and procedures, we cannot eliminate the risk of errors, defects or failure. We may fail to detect or cure quality defects as a result of a number of factors, including but not limited to: (i) manufacturing error or malfunction; (ii) human error or malfeasance; (iii)

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mishandling by third parties; and (iv) quality issues with the raw materials. Any significant failure or deterioration of our quality control, quality assurance protocol, or standard operating procedures could render our products non-compliant and cause other consequences that could seriously harm our reputation and relationship with business partners.

If we fail to increase our production capacity to meet the increasing demand for our drugs and future approved drugs, our business and prospects could be adversely affected.

We are expanding our manufacturing facilities and production lines, and may continue to do so in the future. See also “Business — Manufacturing.” The financing and completion of such expansion involves regulatory approvals and reviews by various government authorities, including, urban planning, construction and environmental protection authorities. We cannot assure you that we will be able to obtain all of the required approvals, permits and licenses and expansions may also not be completed on the anticipated timetable, within budget, or result in fully utilized production capacity post-completion.

Failure to manage our inventory effectively could materially and adversely affect our results of operations and financial condition.

Our inventories primarily consist of raw materials, work in progress and finished goods. As of December 31, 2023, 2024 and 2025, we had inventories of RMB132.5 million, RMB128.1 million and RMB110.3 million, respectively. For the years ended December 31, 2023, 2024 and 2025, our inventory turnover days were 315 days, 370 days and 360 days, respectively. See “Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Inventories” and “Business — Quality Management — Inventory Management” for details. We maintain our inventory levels based on our internal forecasts which are inherently uncertain due to rapid changes in product life cycles, evolving clinical demands, uncertainty of product development and launch, as well as the economic volatility in the markets where we operate. Further, demand for products could change significantly between the time when the products are ordered and the time they are ready for delivery. As a result, there can be no assurance that we can accurately predict these trends and events and avoid overstocking or understocking our products.

RISKS RELATING TO INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain patent and other intellectual property protection for our drugs and drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours.

Our commercial success depends, to a certain extent, on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the technology and drug candidates that we consider commercially important primarily by filing patent applications in China and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. See “Business — Intellectual Property” for details. The process of prosecution and maintenance is expensive and time-consuming, and we or our business partners may not be able to file and prosecute all necessary or desirable patent applications and secure other intellectual property protection in all jurisdictions in a timely manner. It is also possible that we or our business partners will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, we or our business partners may fail to timely identify third-party infringement of our intellectual property rights and take necessary actions to defend and enforce our rights, or at all.

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The patent position of biopharmaceutical companies generally involves complex legal and factual questions. Our current and future patent applications may not be granted with approvals. Even if the patent application is issued, it is still not conclusive as to its scope, validity or enforceability. Thus, we may not effectively prevent third parties from commercializing competitive technologies and drug candidates. Besides, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing drugs made using our inventions in and into certain jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in certain other countries. These drugs may compete with our drugs and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

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

The China National Intellectual Property Administration (the “CNIPA”), the United States Patent and Trademark Office (the “USPTO”) and other applicable patent authorities require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. Although an inadvertent lapse in making payment of such fees or to comply with such provisions can in many cases be cured, 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 within prescribed time limits. In any such event, our competitors might be able to enter the market, which would have an adverse effect on our business.

Patent expirations and uncertainty of patent term extensions may expose us to premature competition.

Patents have a limited duration. Depending on the jurisdiction, various extensions may be available, but the life of a patent, and the protection it affords, is limited. Patents for invention generally expire 20 years from the application or filing date in China and the U.S. Even if patents covering our drug candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive medications, including generic drugs. Manufacturers of generic drug products may challenge the scope, validity, or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights. As a result, we may not be able to exclusively develop or market the relevant product, which would materially harm the potential sales of that product and, in turn, adversely affect our business and results of operations. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after commercialization, which may limit our ability to exclude others from commercializing technology and products similar or identical to ours. Although we may seek patent term extensions, there can be no assurance that such extensions will be granted, or that they will be granted for the full period requested, due to failure to satisfy applicable requirements or deadlines. If we are unable to obtain a patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business could be harmed.

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

We own a number of trademarks in Chinese Mainland and Hong Kong. Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks, and may not be registered in all the necessary or desirable jurisdictions and categories in which we intend to sell our future products or provide our future services. Competitors may adopt similar trade names or trademarks, which could cause market confusion and impair our ability to build brand recognition. Meanwhile, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. In addition, misuse of our trademarks and trade names by business partners or licensees could diminish the goodwill associated with our brands. As a result, these risks could undermine our ability to establish meaningful name recognition through our trademarks and trade names and our business could be materially adversely affected.

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

In addition to our issued patents and pending patent applications, we rely on trade secret and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. In the course of collaborating with third parties, such information may be disclosed and could be misused or disclosed in breach of confidentiality obligations, and we may not be able to obtain adequate remedies. Enforcing a claim that a party has illegally disclosed or misappropriated a trade secret can be difficult, costly and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using such technology or information to compete against us and our competitive position would be harmed. Furthermore, we may be subject to claims that we or our employees, consultants or advisors have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual’s former employer, which could adversely affect our business and results of operations.

Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property in general, thereby impairing our ability to protect our current and any future drug candidates.

Obtaining and enforcing patents in the pharmaceutical industry is costly, time-consuming and inherently uncertain due to a high degree of technological and legal complexity. Changes in either the patent laws and regulations, in the governmental bodies enforcing them, or in how such authorities interpret and enforce these laws across jurisdictions may diminish the value of our intellectual property, and weaken our ability to obtain new patents or to enforce our existing and future owned and licensed patents, while increasing the uncertainty and cost of prosecuting, enforcing or defending patents. We cannot predict the scope of claims that may be allowed or enforced in our future patents or in third-party patents. In addition, there are proposals for changes to the patent laws in China, the U.S. and other jurisdictions that, if adopted, could limit our ability to enforce our proprietary technology.

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

Litigation relating to patents and other intellectual property rights in the pharmaceutical industry is common, including patent administrative proceedings, patent ownership and patent infringement lawsuits. The various markets in which we operate and plan to operate are subject to frequent and extensive intellectual property litigation, which could be expensive and time-consuming. We cannot guarantee that we will not become involved in such litigation, prevail in it, and its costs or adverse outcomes may adversely affect our business.

We may also fail to identify relevant patents or patent applications held by third parties that cover our drug products. We cannot assure you that our marketed products or drug candidates, or the sale or use of our future products, do not or will not infringe upon, misappropriate, or otherwise violate any third-party intellectual property rights. As a result, third parties may bring claims against us or parties we have agreed to indemnify, and a court may determine that such third-parties’ patents are valid, enforceable and infringed, which could prevent us from selling or using the relevant products unless we obtain a license or until such patents expire or are finally determined to be invalid or unenforceable. If we are found to be infringing a third party’s patent rights, defending such claims would cause us to incur substantial expenses and potentially significant damages. We may need to seek a license from a third party, which may be costly, unavailable, or available only on unfavorable terms, and failure to obtain them could prevent us from commercializing a drug, restrict our product commercialization or require us to modify or cease certain business activities. Even if obtained, such licenses may be non-exclusive and could weaken our competitive position.

Despite the measures we take to obtain and maintain patent and other intellectual property rights, our intellectual property may be challenged, invalidated, or become subject to ownership disputes. Competitors or other third parties may infringe or misappropriate our intellectual property rights, and enforcing or defending such rights may require litigation that is costly, time-consuming and unpredictable. Courts may determine that our patents are invalid, decline to grant injunctive relief, or interpret our rights narrowly, and enforcement actions may expose us to counterclaims, substantial damages, disclosure of confidential information and significant management distraction. If the public, securities analysts or [REDACTED] perceive these results to be negative, or perceive that the presence or continuation of these cases creates a level of uncertainty regarding our ability to increase or sustain product sales, it could have a substantial adverse effect on the [REDACTED] of our Shares.

RISKS RELATING TO DEPENDENCE ON THIRD PARTIES

We rely on third parties to support and conduct certain aspects of our business, and the inability of any of these parties to reliably carry out their contractual duties or meet expected timelines could adversely affect our business and prospects.

We rely on third parties, such as CROs, CDMOs, and third-party promoters, for the drug development, as well as sales and distribution of our products. If these parties, whom we cannot fully control, do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, or choose not to continue their relationship with us, our development efforts could be delayed, suspended or terminated, or our commercialization efforts may be delayed, impaired or terminated.

We have engaged third-party CROs and other third parties to assist us in conducting our preclinical studies and clinical trials. The CROs we engage may not always perform to our standards, devote sufficient time and resources, produce results in a timely manner or may fail to perform at all. If there are any inaccuracies, mistakes or incompleteness in the preclinical and clinical data of any of

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these third parties, our clinical development activities and drug approval processes may be negatively impacted as a result. We also engage third-party CDMOs to outsource certain manufacturing processes, which introduces additional risks, including potential deviations from our quality standards, inadequate oversight of the CDMOs’ facilities or processes, misconduct by the CDMOs, such as misappropriation or violation of intellectual property rights and delays in production caused by the CDMOs’ operational issues or limited capacity. For example, our product sales were negatively affected when one of our CDMOs underwent testing and equipment upgrades in 2024, which delayed the production schedule. Our CDMOs may from time to time need to suspend or slow down production for various reasons, including maintenance, upgrades, inspections, quality control testing, or technical issues. Any such disruption could result in product shortages, delayed deliveries to customers, loss of market share, and decreased revenue. In addition, we engage third-party promoters to assist us with sales and marketing activities. Non-compliance by the third-party promoters with our agreements or violations of anti-corruption, anti-bribery, competition or other laws and regulations in China or other jurisdictions could harm our reputation and disrupt our business.

We depend on third parties to provide a stable and adequate supply of raw materials and products for our development and manufacturing needs. Any interruptions of or significant price increases in such supply could adversely affect our business.

During the Track Record Period, we relied on third parties to supply certain raw materials and products used in our R&D and manufacturing activities, and may continue to do so in the future. Those third parties may fail to meet our increasing demand, maintain required licenses, or implement effective quality control. Therefore, reliance on third parties exposes us to certain risks, including: (i) production disruptions or inadequate supply; (ii) rising raw material and product costs; (iii) delays in our clinical trials or regulatory filings, and (iv) recalls of our products. We cannot guarantee that our suppliers will consistently provide sufficient quantities of raw materials of acceptable quality in the future. If they fail to do so, we may be unable to obtain substitute raw materials elsewhere in a timely manner, or at all. Furthermore, procurement from alternative suppliers could expose us to less favorable prices or materials of inferior quality. Any such potential interruption in our supply of raw materials could delay the production and delivery schedules of the relevant products, which may result in the loss of customers and revenue.

If we cannot maintain or develop our relationships with principal investigators, physicians and other industry experts, our results of operations and prospects could be adversely affected.

Our relationships with principal investigators, physicians and other industry experts play an important role in our research and development and marketing activities. These industry participants may leave their roles, change their business or practice focus, or choose to no longer cooperate with us and cooperate with our competitors instead. Should they continue to cooperate with us, their market insights and perceptions, which we factor into our research and development process, may be inaccurate and lead us to develop products with limited market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Delivery delays and poor handling by third-party logistics service providers may adversely affect our business, financial condition and results of operations.

We have entered into logistic service agreements with third-party logistics service providers for the transportation of our products. Delivery delays may occur for various reasons beyond our control, including poor handling by our logistics service providers, labor disputes or strikes, natural disasters, and health epidemics, and could lead to delayed or lost deliveries. We cannot guarantee

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you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. If products are not delivered on time or are delivered in a damaged state, our customers may refuse to accept products and claim refund from us, and may have less confidence in our services. Poor handling of our products could also result in product contamination or damage, which may in turn lead to product recalls, product returns or exchanges, product liability, increased costs and reputation damage.

RISKS RELATING TO GOVERNMENT REGULATIONS

The regulatory approval processes of the NMPA and other comparable regulatory authorities are time-consuming and uncertain.

The regulatory approval process is inherently uncertain time-consuming, and subject to discretion. The NMPA and other comparable regulatory authorities may, for example, raise concerns about the materials submitted, request additional efficacy or safety data, question study design or statistical analyses, request modifications to study protocols, or interpret study results differently than anticipated. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes. We may fail to receive the regulatory approvals due to a number of reasons, including: (i) disagreements over clinical trial design or implementation; (ii) failure to demonstrate safety and efficacy or meet statistical significance; (iii) insufficient data or procedural errors; (iv) failure to pass GCP inspections or data audits; (v) unexpected changes in regulations or approval policies; or (vi) manufacturing deficiencies, including failure to pass GMP inspections.

Regulatory authorities may require more information to support approval, which may result in delay in regulatory approval and commercialization plans or denial of regulatory approval. Even if approved, our candidates may be restricted to fewer indications or require post-marketing trials. Therefore, our commercial prospects and reputation might be harmed. If any of our drug candidates fails to demonstrate safety and efficacy to the satisfaction of regulatory authorities, we may not be able to realize any revenue on such drug candidate despite the significant amount of resources we would have spent on its development.

Our current and future approved drugs are subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses. We may fail to comply with these regulatory requirements or experience unanticipated problems with our drugs and drug candidates.

Our marketed products and future approved candidates are subject to extensive ongoing regulatory obligations and continued regulatory review. These include CMC adherence, continuous compliance with GMP and GCP standards, and post-approval studies for license renewal. Furthermore, approvals may be limited to specific indications or conditioned on costly post-marketing studies, such as Phase IV trials, to monitor safety and efficacy. Even after approval, subsequent discovery of previously unknown problems with the drug, such as manufacturing or regulatory compliance, could lead to severe consequences, including: (i) restrictions on marketing or manufacturing, product withdrawals, or recalls; (ii) fines, warning letters, or clinical trial holds; (iii) refusal to approve pending applications or supplements, or suspension or revocation of licenses; (iv) refusal to accept new INDs, NDAs or similar applications; (v) drug seizure, detention, or import/export bans; and (vi) injunctions or the imposition of civil, administrative, or criminal penalties. Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. Moreover, regulatory policies may change or additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained.

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If we or any of our business partners fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties and other negative consequences that could have a material and adverse effect on the success of our business.

We and certain third parties we work with, such as our CROs, CDMOs, third-party promoters and other business partners, are subject to environmental, health and safety laws and regulations, including those governing laboratory procedures and hazardous materials and wastes. We generally contract with third parties for the disposal of solid waste and wastewater, and we cannot guarantee their continuous compliance with the applicable laws and regulations. We cannot eliminate the risk of contamination or injury from these materials. We do not maintain insurance for environmental liability or toxic tort claims and our coverage for employee injuries may be inadequate. In the event of contamination or injury, we may face liabilities exceeding our resources and could incur significant costs associated with fines and penalties. In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations, which could impair our research, development or production efforts.

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

We and the CROs we engage may receive, collect, generate, store, process, transmit, and retain medical data and treatment records of clinical trial subjects in accordance with applicable laws and regulations and the requirements of ethically approved clinical trial protocols. In recent years, the PRC authorities have promulgated certain laws and regulations in respect of information security, data collection and privacy protection, which impose stricter requirements on the protection of personal information. See “Regulatory Overview — Overview of Laws and Regulations in the PRC — Regulations in Relation to Cybersecurity and Data Protection” for details. Regulatory requirements are evolving and subject to varying interpretations, resulting in uncertainties regarding our responsibilities. We may also face new laws and regulations regarding personal information and privacy concerning our data collection, analysis, storage and use, which could potentially result in ever-increasing public scrutiny, enforcement and sanctions, and compliance costs. In addition, certain industry-specific laws and regulations in China affect the collection and transfer of data, such as the Regulations on the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) (the “HGR Regulation”), and the Biosecurity Law of the PRC (《中華人民共和國生物安全法》). For details, see “Regulatory Overview — Laws and Regulations in Relation to the Pharmaceutical Industry — Gathering, Collection and Filing of Human Genetic Resources.” The personal information of patients or subjects which might be involved in our clinical trials could be highly sensitive and subject to strict privacy regulations. Data leakage, abuse, and other misconduct may occur, due to hacking activities, human error, employee misconduct or negligence or system breakdown, among other reasons. We also cooperate with third parties for our clinical trials and marketing operations. Any security breach, failure, or perceived failure to comply with privacy obligations, whether by us or our partners, could result in unauthorized data release, legal claims, and a loss of customer trust.

Changes in policies, laws and regulations, as well as their interpretation and enforcement, may result in additional compliance risks and costs.

The pharmaceutical industry and healthcare system in China has witnessed a series of legislative and regulatory changes, including measures that may reduce or limit coverage and reimbursement and affect our ability to profitably sell our products. See also “Regulatory Overview — Other Laws and Regulations in Relation to Medical Industry” and “— Risks Relating to Our Business and Industry — National or other government-sponsored medical insurance programs may

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have a material impact on our sales, profitability and business prospects.” Such new regulations and rules, along with other potential future measures, may lead to stricter requirement and standards for our business and operations, which could increase our compliance burden and operating expenses. These legislative trends and regulatory measures can potentially affect the sales, profitability and prospects of our marketed products and drug candidates in the future. Moreover, these laws and regulations are subject to updates, and their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these laws and regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

A substantial portion of our operations are based in the PRC, our business, financial condition, results of operations and prospects may be affected by economic, political, social and legal developments in China. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources; however, we cannot guarantee the extent to which our business operations will be able to benefit from such measures, if at all. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR OPERATIONS

Our future success depends in part on our ability to attract, retain and motivate senior management, key personnel, and other qualified professionals.

We are highly dependent on the expertise of our senior management, key personnel, and other qualified professionals. We believe that there is, and will continue to be, intense competition for skilled management, technical, sales and other personnel with experience in our industry. Recruiting, retaining and motivating qualified management, scientific, clinical and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Further, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize drugs. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous biopharmaceutical companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

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

Our future performance will also depend, in part, on our ability to effectively manage our growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to implement our long-term development strategies. Any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business, financial condition, results of operations, and prospects. Managing our growth and executing on our growth strategies will require continuous innovation, and the ability to identify and develop promising drug candidates. We may also need to effectively develop new facilities and teams, recruit and train

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talent, and maintain robust financial, management, and quality controls. All of these endeavors will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to execute our business strategies and manage any future growth effectively and efficiently.

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

From time to time, we may be involved in inspections, claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, privacy protection, environmental and safety matters, breach of contract, employment or labor disputes and intellectual property rights. During the Track Record Period, we were involved as the defendant in a lawsuit in relation to construction payments. This lawsuit is currently ongoing and, as of the Latest Practicable Date, we filed a counterclaim that had been accepted by the competent court. Any inspections, claims, disputes or legal proceedings initiated by us or brought against us, our management or Directors, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, inspections, claims, disputes or legal proceedings against us, our management or Directors may be due to actions taken by our business partners, such as our suppliers, CROs, third-party promoters and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

Our reputation is important to our success. Negative publicity with respect to us, our Shareholders, management, employees, business partners, affiliates, or our industry, may materially and adversely affect our reputation, business, results of operations and prospects.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. Our reputation and brand name may be adversely affected by a number of factors, many of which are beyond our control, including, negative publicity regarding product efficacy or side effects, the proliferation of counterfeit products, misconduct by our personnel or partners, legal or regulatory proceedings, and other adverse news coverage concerning us or our industry, whether founded or unfounded. In addition, third-party engagement may make it increasingly difficult to effectively manage our reputation, as we have limited control over these third parties. Any regulatory inquiries or investigations or other actions against our management, any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrongdoing by any key member of our management team or other employees, our business partners or our affiliates, could harm our reputation and materially and adversely affect our business. Regardless of the merits or final outcome of such regulatory inquiries, investigations or actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent and business partners and grow our business.

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

Our operations depend in part on the skills and know-how of our employees. In recent years, the average labor cost in the global biopharmaceutical market, particularly for highly skilled and experienced personnel, has been steadily increasing as the competition for qualified employees has become more intense. We cannot assure you that there will be no further increase in labor cost, which may adversely affect our operations and financial condition. In addition, share options and other share-based incentives granted under our existing or future share-based incentive

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arrangements and scheme could adversely affect our costs and our results of operations. See also “—Risks Relating to Our Financial Position and Need for Additional Capital — Share-based payments may impact our financial performance.”

Changes in international trade policies and 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. Rising trade and political tensions could reduce levels of trades, 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. Any rising trade and political tensions or unfavorable government policies on international trade, such as capital controls or tariffs, may affect the competitive position of our drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. In particular, we cannot predict how tariff policies may further evolve or anticipate any potential impacts of subsequent developments in such policies on our business. If we, our customers, suppliers or other business partners become subject to these measures, our business, financial condition, and results of operations could be materially and adversely affected.

We could be adversely affected as a result of any sales we make to certain countries and regions that are, or become subject to, sanctions administered by the United States and other relevant sanctions authorities.

The U.S. and other jurisdictions or organizations, including the EU, the United Kingdom, the United Nations and Australia, have, through executive orders, legislation, regulations, or other governmental means, implemented measures that impose economic sanctions against certain countries or against targeted industry sectors, groups of companies or persons, and/or organizations within certain countries. During the Track Record Period, some of the APIs we produced were sold directly or indirectly to customers in Russia (excluding Crimea, Kherson, DPR, LPR Zaporizhzhia regions), and the aggregate revenue we generated from such sales represented less than 0.1% of our total revenue. As advised by our International Sanctions Counsel, these transactions were authorized by the Russian-related General License No. 6D (the “GL 6D”) issued by the U.S. Department of Treasury’s Office of Foreign Assets Control and therefore did not violate U.S. sanctions laws. GL 6D permits, among other items, transactions related to the production, manufacturing, sale, transport, or provision of medicine to Russia. Under the applicable U.S. regulations, APIs qualify as components of medicine and thus fall within the scope of GL 6D authorization. However, sanctions laws and regulations are constantly evolving, and new requirements or restrictions may be adopted, which could increase regulatory scrutiny over certain aspects of our business. We have ceased all sales to Russian customers. Nevertheless, our business and reputation could be adversely affected if the relevant authorities were to determine that any of our business activities fail to fully comply with applicable sanctions requirements.

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

Natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of: (i) natural disasters such as floods, earthquakes, or fires; (ii) widespread health epidemics; (iii) power, water, or fuel shortages; (iv) information system malfunctions or unexpected technical problems; and (v) wars or terrorist attacks. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other

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adverse public health developments in which we operate our business could materially disrupt our business and operations. These uncertain and unpredictable factors include, but are not limited to, adverse effects on the economy, potential delays of our ongoing and future clinical trials, and disruptions to the operations of our business partners.

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 industry-standard benefit plans in accordance with relevant laws and regulations, based on our assessment of our operational needs and industry practice. Our insurance policies cover potential personal injury or property damage to subjects during clinical trials. In line with general market practice in China, we have elected not to maintain certain types of insurance, such as business interruption insurance or key person life insurance. Our existing insurance coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.

We have leased certain properties in China, primarily for our R&D and manufacturing facilities and office use. See “Business — Properties — Leased Properties” for details. Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, 14 of our lease agreements had not been registered. Although failure to register does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. We cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial conditions and results of operations.

Failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.

According to applicable PRC regulations, we are required to participate in the employee social welfare plan administered by local governments. See “Regulatory Overview — Laws and Regulations in Relation to Labor Protection” for details. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. During the Track Record Period and up to the Latest Practicable Date, we did not make full payments in relation to social insurance and housing provident fund contributions for certain of our employees. As advised by our PRC Legal Advisor, employer that has not made social insurance contributions in full and on time may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late payment fee of up to 0.05% per day. Failure to comply within the stipulated deadline may result in fines ranging from one to three times the amount overdue. In addition, employer that has not made required housing

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provident fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline, and failure to do so may result in compulsory court enforcement. We cannot assure you that the regulatory authorities will not require impose outstanding payments, late fees, or fines. If we are subject to investigations related to noncompliance and are requested to pay additional contributions, late payments and fines, our labor costs could increase and we may suffer reputational harm.

We may seek and enter into strategic partnerships, licensing arrangements, acquisitions or other collaborations in the future. We may fail to identify suitable collaborators or may not realize the benefits of such partnerships as expected.

We may seek strategic partnerships or licensing arrangements that we believe will complement our internal capabilities and support the development and commercialization of our drug candidates. These partnerships may involve co-development, co-commercialization, in-licensing of drug candidates, or out-licensing of certain rights to third parties in domestic or international markets. We may not be able to identify or secure suitable collaboration or licensing partners on commercially reasonable terms, or at all. Even if such partnerships are established, we cannot assure you that they will be successful or that we will realize the expected benefits. Any failure to manage these relationships effectively could lead to delays, increased costs, reduced operational flexibility, or even termination of the collaboration. In addition, to enhance our growth, we may acquire businesses, products, technologies or know-how that we believe would benefit us in terms of product development, technology advancement or distribution network. Any potential acquisition may entail numerous risks, including but limited to increased operating expenses and cash requirements, the assumption of additional indebtedness or contingent liabilities, risks and uncertainties associated with the assimilation of operations, corporate culture and personnel of the acquired business, and our inability to generate revenue from acquired technology and/or products.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares. An active [REDACTED] market for our H Shares may not develop and the [REDACTED] and [REDACTED] of our H Shares maybe volatile.

No public market currently exists for our H Shares. The initial [REDACTED] will be the result of negotiations between our Company and the [REDACTED], and the [REDACTED] may differ significantly from the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. However, we cannot guarantee that an active or liquid [REDACTED] market will develop or be sustained, or that the [REDACTED] will not decline. The [REDACTED] of our H Shares may be highly volatile due to general market conditions and the performance of peer companies. In addition, factors specific to our business, such as the results of clinical trials and approvals of our drug candidates, regulatory developments, commercialization outcomes, cash flows fluctuations, investments and expenditures, suppliers relationships, and actions by competitors or key personnel. Moreover, pharmaceutical stocks have experienced volatility unrelated to corporate performance in the past, and our H Shares may be similarly affected.

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

Prior to the [REDACTED], there has not been a public market for our H Shares. Future sales or perceived sales of significant amounts of our H Shares or conversion of the Unlisted Shares, if any, by specific Shareholders subject to certain regulatory requirements, after the [REDACTED] could result in a significant decrease in the prevailing [REDACTED] of our H Shares. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares

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in the public market or the perception that these sales, or conversion of existing Unlisted Shares, if any, may occur could significantly decrease the prevailing [REDACTED] of our H Shares and our ability to raise equity capital in the future.

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

Immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised, our Controlling Shareholders will directly hold approximately [REDACTED]% of our total issued Shares. Through voting power and Board representation, they have significant influence over our business and affairs, including decisions on mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Their interests may not align with minority Shareholders, and they could block beneficial transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, potentially depriving Shareholders of a takeover premium and reducing our H Share price.

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

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

There can be no assurance whether and when we will pay dividends in the future, and payment of dividends is subject to applicable PRC laws.

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

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

As a PRC-incorporated company, we are subject to a tax of up to 25% on our global income. Furthermore, dividends payable to non-PRC [REDACTED] and gains realized on the sale of our H Shares are subject to PRC tax obligations. Non-PRC individuals are generally subject to a tax rate of 20% on dividends or gains under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》). While we generally withhold 10% from dividends paid to H Share holders, this rate may vary based on applicable tax treaties or increase to 20% if no treaty applies where the holder’s identity is known. There is uncertainty as to whether gains realized upon disposition of H shares by

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non-PRC individuals are subject to PRC individual income tax. Non-PRC resident enterprises without establishments or premises in the PRC, or those whose income is unrelated to their establishments or premises are subject to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“the EIT”) at the rate of 10% on dividends and gains, unless be reduced or eliminated under special arrangements or applicable treaties. We intend to withhold tax at a rate of 10% from dividends. Enterprises entitled to lower treaty rates will be required to apply for a refund subject to regulatory verification. As of the Latest Practicable Date, specific rules regarding the levy of tax on gains realized by non-resident enterprises from H Share transfers have not been established. The interpretation and application of the relevant PRC tax laws are subject to evolution. If any such tax is collected, the value of our H Shares may be affected accordingly.

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our management.

Most of our assets are situated in the PRC and most of our Directors and officers reside in the PRC. Additionally, as the PRC lacks reciprocal treaties with many countries, you may face difficulties enforcing foreign judgments against us or our management in the PRC. On January 29, 2024, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), came into effect, which stipulates that a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as they remain subject to case-by-case examination by relevant courts.

The industry facts, statistics and forecasts in this document that were obtained from various official publications may not be fully reliable.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the healthcare market. Such information and statistics have been derived from government publications. The information and statistics from such sources have not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED], any of our or their respective directors, officers or representatives or any other party, other than Frost & Sullivan, involved in the [REDACTED] and no representation is given as to its accuracy. Collection methods may be flawed or ineffective, or inconsistent with market practice, potentially rendering the statistics inaccurate. We cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. Consequently, you should consider carefully and not place undue reliance on it.

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

We strongly caution you not to rely on any information contained in press articles or other sources regarding us and the [REDACTED]. Prior coverage may include certain information that does not appear in this document, such as certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure and do not accept any responsibility for the accuracy, completeness, or reliability. To the extent that any such information is inconsistent with this document, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our Group’s management headquarters, senior management, business operations are not principally located, managed or conducted in Hong Kong, and our Directors consider that the relocation of our executive Directors to Hong Kong or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective communication between the Stock Exchange and us by way of the following arrangements:

(i) **Authorized representatives:** both of our Company’s authorized representatives, Mr. Dong and Ms. Fung Wai Sum (“**Ms. Fung**”), will act as our Company’s principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email. Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number, if any, and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives. Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time; and

(iii) **Compliance advisor:** we have appointed Somerley Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. Pursuant to the Note of Rule 3A.23, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us. Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience,” the Stock Exchange will consider the individual’s: (i) length of employment with the issuer and other issuers and the roles they played; (ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong, they also need to have experience relevant to our Company’s operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company’s business and affairs as company secretary.

We have appointed Ms. Zhang Xuan (“**Ms. Zhang**”) and Ms. Fung as our joint company secretaries. As our head of finance and Board Secretary, Ms. Zhang possesses comprehensive knowledge of our business operations and extensive experience in Board affairs and corporate governance. Since Ms. Zhang does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a [REDACTED] issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Ms. Zhang, we have appointed Ms. Fung, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the [REDACTED] so as to enable Ms. Zhang to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Fung as our joint company secretary. Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, such waiver has been granted on the conditions that: (i) Ms. Fung is appointed as a joint company secretary to assist Ms. Zhang in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; (ii) our Company will further ensure that Ms. Zhang has access to the relevant training and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Our Hong Kong legal advisors have provided training to Ms. Zhang on the principal requirements of the Listing Rules and the Hong Kong laws and regulations applicable to our Company after the [REDACTED]. In addition, Ms. Zhang will endeavor to familiarize herself with the Listing Rules, including any

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

updates thereto, during the three-year period from the [REDACTED]; (iii) Ms. Zhang has confirmed that she will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong [REDACTED] issuer during each financial year as required under Rule 3.29 of the Listing Rules; (iv) prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Zhang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Ms. Zhang, having benefited from the assistance of Ms. Fung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary; (v) this waiver will be revoked immediately if and when Ms. Fung ceases to provide such assistance during the three-year period, and we undertake to re-apply to the Stock Exchange for a waiver in the event that Ms. Fung ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company. In addition, this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company. Before the end of the three-year period, the Company will demonstrate to the Stock Exchange and seek the Stock Exchange’s confirmation that Ms. Zhang, having had the benefit of Ms. Fung’s assistance during the initial three-year period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

For the biographical information of Ms. Zhang and Ms. Fung, see “Directors and Senior Management.”

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into, and expect to continue transactions that will constitute the partially-exempt continuing connected transactions of our Company under the Listing Rules upon the [REDACTED]. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules upon the [REDACTED] in respect of such partially-exempt continuing connected transaction. For details, see “Connected Transactions” in this document.

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Chairman of the Board and non-executive Director		
Mr. Dong Dalun (董大倫)	Room 303, No. 9, Lane 388, Luban Road, Huangpu District, Shanghai, PRC	Chinese
Executive Directors		
Mr. Dong Zhu (董竹)	Room 303, No. 9, Lane 388, Luban Road, Huangpu District, Shanghai, PRC	Chinese
Dr. Qin Jihong (秦繼紅)	Room 1201, No. 14, Lane 19, Kaibin Road, Xuhui District, Shanghai, PRC	Chinese
Mr. Zhang Yuhu (張玉虎)	Room 201, No. 28, Lane 909, Wanping South Road, Xuhui District, Shanghai, PRC	Chinese
Non-executive Directors		
Mr. Chen Wei (陳尉)	C13–201, Henjing International Garden, Yongxing Road, Medical and High-Tech Development District, Taizhou City, Jiangsu, PRC	Chinese
Independent non-executive Directors		
Mr. Yu Jianchun (俞建春)	Room 1202, Building A, No. 19 Fengzhen Road, Hongkou District, Shanghai, PRC	Chinese
Mr. Li Xianlin (李顯林)	Room 1311, No. 2, Lane 858, South Huanzhen Road, Dachang Town, Baoshan District, Shanghai, PRC	Chinese
Dr. Fung So Ching Jenny (馮素貞)	Flat 68B, Tower 5, Bellagio, 33 Castle Peak Road, Sham Tseng, Hong Kong	Chinese (Hong Kong)

For further details regarding our Directors, please see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place, 88 Queensway, Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Legal Advisor to our Company <i>as to Hong Kong and U.S. laws:</i>	Kirkland & Ellis 26/F, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong
Legal Advisor to our Company <i>as to PRC law:</i>	Beijing DeHeng Law Offices 12/F, Tower B, Focus Place, No.19 Financial Street, Beijing, PRC
Legal Advisor to our Company <i>as to U.S. International sanctions and export control laws:</i>	Han Kun LLP 425 Page Mill Rd, Ste 200 2nd Floor, Palo Alto, CA, USA, 94306–2075
Legal Advisor to the Sole Sponsor <i>as to Hong Kong and U.S. laws:</i>	Jia Yuan Law Office Suites 3202–03, 35/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong
Legal Advisor to the Sole Sponsor <i>as to PRC law:</i>	Jingtian & Gongcheng 34/F, Tower 3, China Central Place, 77 Jianguo Road, Chaoyang District, Beijing, PRC
Reporting Accountant and Independent Auditor	KPMG <i>Certified Public Accountants</i> 8th Floor, Prince’s Building, 10 Chater Road, 10 Chater Road, Central, Hong Kong
Independent Property Valuer	Asia-Pacific Consulting and Appraisal Limited Flat/Rm A, 12/F, Kiu Fu Commercial Building, 300 Lockhart Road, Wan Chai, Hong Kong
Industry Consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. Suite 2504, Wheelock Square, 1717 Nanjing West Road, Jing’an District, Shanghai, PRC
Compliance Advisor	Somerley Capital Limited 20/F, China Building, 29 Queen’s Road Central, Hong Kong

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DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	10/F, Building 5, 525 Yuanjiang Road, Minhang District, Shanghai, PRC
Head Office and Principal Place of Business in the PRC	Room 1001–1002, 562 Dong’an Road, Xuhui District, Shanghai, PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Company’s Website	<u>www.huilun.com</u> (Information contained in this website does not form part of this document)
Joint Company Secretaries	Ms. Zhang Xuan (張璇) Room 1001–1002, 562 Dong’an Road, Xuhui District, Shanghai, PRC Ms. Fung Wai Sum (馮慧森) ACG, HKACG, Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Authorized Representatives	Mr. Dong Dalun (董大倫) Room 1001–1002, 562 Dong’an Road, Xuhui District, Shanghai, PRC Ms. Fung Wai Sum (馮慧森) Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Audit Committee	Mr. Yu Jianchun (俞建春) (<i>Chairman</i>), Mr. Dong Dalun (董大倫), Mr. Li Xianlin (李顯林)
Remuneration and Appraisal Committee	Mr. Li Xianlin (李顯林) (<i>Chairman</i>), Dr. Fung So Ching Jenny (馮素貞), Mr. Dong Dalun (董大倫)
Nomination Committee	Mr. Dong Dalun (董大倫) (<i>Chairman</i>), Mr. Yu Jianchun (俞建春), Dr. Fung So Ching Jenny (馮素貞)
[REDACTED]	[REDACTED]
Principal Bank(s)	China Merchants Bank Dong’an Road Branch, No. 599, Dong’an Road, Xuhui District, Shanghai, PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were derived from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan in connection with the [REDACTED] (the “Frost & Sullivan Report”). The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

THE PHARMACEUTICAL MARKET IN CHINA

China’s pharmaceutical market is projected to witness continuous growth, from RMB1,629.7 billion in 2024 to RMB3,103.4 billion in 2035 at a CAGR of 6.0%. Amid the rapid growth of biologics and other modalities, chemical drugs remain the cornerstone of China’s pharmaceutical market, accounting for approximately 43.2% of domestic drug sales in 2024 and maintaining their position as the largest therapeutic category by volume and accessibility. Chemical drugs continue to dominate essential therapeutic areas in China, such as cardiovascular and metabolic diseases, inflammatory disorders, and other chronic conditions.

Within China’s pharmaceutical market, innovative drugs have experienced, and are expected to continue experiencing, faster growth than generic drugs. This trend is attributable to the significant industry-wide investments devoted to the research and development of innovative drugs, implementation of favorable government policies and expedited pathways promoting drug innovation, in addition to the competitive advantages arising from the innovative drugs’ superior efficacy and safety compared to existing treatments. China’s innovative drug market reached RMB814.4 billion in 2024, and is projected to reach RMB2,172.1 billion in 2035 at a CAGR of 9.3% from 2024.

DRUG MARKET FOR IMMUNOLOGY AND INFLAMMATION IN CHINA

Immunology and inflammation are fundamental to the pathophysiology of a wide spectrum of respiratory and critical care diseases. While the immune system serves as the body’s primary defense mechanism, immune dysregulation — characterized by excessive, prolonged, or aberrant inflammatory responses — can precipitate into severe tissue damage, fibrosis, and organ dysfunction. This underlying pathology drives conditions ranging from acute, life-threatening hyper-inflammatory states, such as acute lung injury (“ALI”)/acute respiratory distress syndrome (“ARDS”), sepsis and severe pneumonia, to chronic, progressive fibrotic or inflammatory disorders, including inflammatory bowel disease (“IBD”), bronchiectasis, and chronic rhinosinusitis. Effective therapeutic intervention in these pathways is critical to modulating the immune response, preventing structural lung damage, and improving patient survival.

Acute Lung Injury and Acute Respiratory Distress Syndrome

Overview

ALI represents a spectrum of critical respiratory conditions characterized by rapid onset respiratory failure and refractory hypoxemia. ARDS is the most severe subset of ALI, distinguished by specific severity criteria and potential progression to multiple organ dysfunction. ARDS involves acute inflammatory injury to the alveolar-capillary membrane, resulting in increased vascular permeability, pulmonary edema, and severe impairment of gas exchange as part of a systemic inflammatory response.

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ALI/ARDS constitute a major clinical challenge in intensive care medicine, with substantial morbidity and mortality burden. In China, among critically ill patients hospitalized for over 24 hours, ALI/ARDS incidence is estimated at 27.1%, with mortality rates escalating by disease severity: 18.8%, 32.2% and 60% for mild, moderate and severe ARDS cases, respectively. The aggregate ICU mortality for ARDS patients is approximately 34%. These findings underscore the critical need for effective therapeutic interventions, particularly drugs targeting the underlying inflammatory pathophysiology of ALI/ARDS.

Market Opportunities

The incidence of ALI/ARDS in China was 614.1 thousand cases in 2024 and is estimated to reach 683.8 thousand in 2035. The treatment of ALI/ARDS typically involves a multifaceted approach that combines advanced ventilation strategies with drug therapies. While respiratory support through high-flow nasal oxygen, noninvasive ventilation, and lung-protective mechanical ventilation remains fundamental, drug therapies play an increasingly important role in addressing the underlying inflammatory processes that drive these conditions.

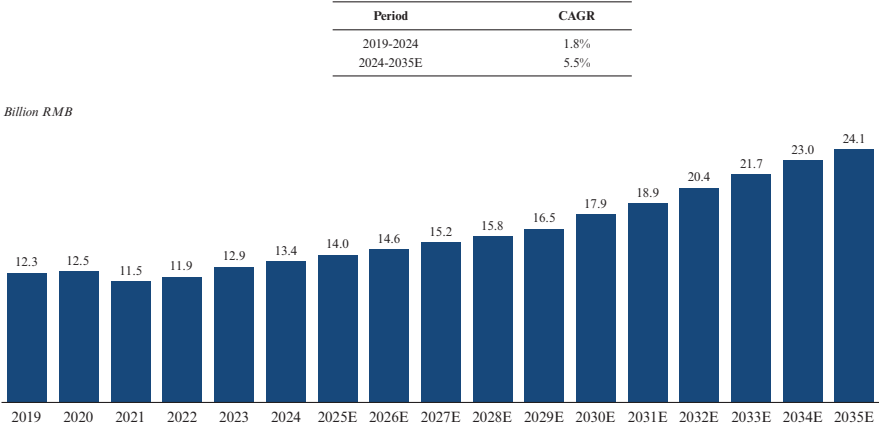
The table below sets out an overview of the drug therapies for ALI/ARDS patients:

Drug Therapy	Mechanism of Action	Clinical Benefits	Limitations
Sivelestat Sodium	Blocks a specific enzyme (neutrophil elastase) released by white blood cells that normally breaks down lung tissue proteins, preventing further damage to the lung during inflammation	Improved pulmonary function, significantly reduced duration of mechanical ventilation, and lower mortality rates in ALI/ARDS patients	Only one drug has been approved in China; clinical experience and market recognition gradually developing
Neuromuscular Blockade (NMB)	Temporarily paralyzes breathing muscles by blocking nerve signals, preventing patients from “fighting” the ventilator, reducing harmful pressure and stretching forces on damaged lungs during mechanical ventilation	Reduces ventilator-associated lung injury; improves 28-day survival in moderate-severe cases	Requires deep sedation; risk of ICU-acquired weakness with prolonged use; not specifically indicated for ALI/ARDS
Corticosteroids	Anti-inflammatory drugs that suppress the body’s immune response by reducing inflammatory chemical messengers (like IL-6, TNF- α)	Alleviates lung inflammation	Suppresses natural immune defenses; increased risk of high blood sugar and secondary infections; variable efficacy; high doses may increase mortality rates; not specifically indicated for ALI/ARDS
Targeted Immunotherapy	Precision drugs that specifically block overactive immune pathways (like JAK enzymes or IL-6 receptors)	More precise than general steroids; JAK inhibitors (baricitinib, tofacitinib) shown to improve outcomes in viral ARDS	Effectiveness mainly proven in viral ARDS; high medication costs and limited access; not specifically indicated for ALI/ARDS

The ALI/ARDS drug market is expected to increase from RMB13.4 billion in 2024 to RMB24.1 billion in 2035 at a CAGR of 5.5%. This market is primarily driven by an increasing patient population and China’s policy initiatives to enhance critical care medical infrastructure. The chart below sets forth the market size of ALI/ARDS drugs in China during the relevant periods.

INDUSTRY OVERVIEW

Market Size of ALI/ARDS Drugs in China, 2019–2035E⁽¹⁾



Source: Frost & Sullivan

Note:

- (1) The COVID-19 pandemic caused sharp increases in critical care visits during 2019–2020. Since ALI/ARDS is a common form of severe respiratory failure in critical care settings, the pandemic caused an increase in demand for ALI/ARDS drugs during this period.

Among the pharmacological approaches, sivelestat sodium has demonstrated strong potential in mitigating lung inflammation. Sivelestat sodium distinguishes itself through its selective neutrophil elastase inhibition mechanism, which directly interrupts the inflammatory cascade to reduce lung injury. Clinically, this translates to meaningful patient benefits including improved pulmonary function, significantly reduced duration of mechanical ventilation, and lower mortality rates in ARDS patients. By effectively modulating neutrophil-mediated inflammation, sivelestat sodium not only mitigates lung injury but also shows potential for protecting other organs from inflammation-induced damage, expanding its therapeutic relevance in critical care. The “Expert Consensus on the Clinical Application of Sivelestat Sodium” (《西維來司他鈉臨床應用專家共識》) recommends its early integration into standard treatment protocols for severe pneumonia with systemic inflammatory response syndrome (“SIRS”), sepsis, and patients undergoing extracorporeal circulation surgery.

Compared to intravenous injection, nebulized sivelestat sodium potentially achieves superior drug concentration in the respiratory tract, while reducing systemic side effects (such as neutrophil-mediated organ damage, gastrointestinal reactions and central nervous system (“CNS”) toxicity). This targeted approach represents a notable therapeutic advancement, potentially expanding treatment options for respiratory conditions where systemic administration has proven inadequate or poorly tolerated.

Competitive Landscape

As of the Latest Practicable Date, sivelestat sodium was the only drug approved for SIRS-associated ALI/ARDS globally, with Xiweina being the first and only domestically developed sivelestat sodium approved in China. As of the same date, H057, an inhalable sivelestat sodium developed by our Company, was the only sivelestat sodium candidate under clinical development in China, indicated for acute exacerbation of bronchiectasis and community-acquired pneumonia (“CAP”).

INDUSTRY OVERVIEW

Chronic Rhinosinusitis

Overview

Chronic rhinosinusitis (“CRS”) is a persistent sinus inflammation lasting over 12 weeks, causing nasal congestion, thick nasal fluids, facial pressure, and often reduced sense of smell. This condition stems from various factors including nasal abnormalities, infections, immune issues, and environmental triggers. The prevalence of CRS has shown an upward trend in recent years. In China, CRS is estimated to affect over 100 million people or about 8% of the population. While severely diminishing patients’ quality of life, CRS also consumes substantial medical resources, creating a heavy socioeconomic burden for countries worldwide.

CRS is classified into two types: CRS without nasal polyps (“CRSsNP”) and CRS with nasal polyps (“CRSwNP”), with the former occurring four times more frequently than the latter. Based on immunological characteristics, CRS can be divided into type 2 inflammation (eosinophil-mediated, more common in Western populations) and non-type 2 inflammation (type 1 or 3, predominantly neutrophil-driven and more prevalent in Asian populations). These classifications exhibit racial and regional differences that directly impact treatment efficacy. Research shows that CRSsNP patients in China predominantly exhibit neutrophil infiltration, underscoring the important need for developing targeted therapeutic approaches specifically addressing neutrophilic inflammation pathways in this population.

Market Opportunities

The prevalence of CRSsNP in China was 106.8 million cases in 2024 and is estimated to reach 128.9 million in 2035, accounting for 75%~90% of the total CRS cases. The CRSsNP drug market in China was estimated at approximately RMB3.2 billion in 2024 and is expected to reach RMB15.0 billion in 2035 at a CAGR of 15.2% from 2024 to 2035.

Clinical management of CRSsNP primarily relies on conventional therapies such as glucocorticoids, macrolide antibiotics, antimicrobials, antihistamines, antileukotrienes, decongestants, nasal irrigation, and surgical interventions, with no targeted therapies currently approved in China. Patients with CRSsNP often experience persistent or recurrent symptoms despite prolonged medication and surgical treatments. Acute exacerbations can lead to temporary worsening of symptoms, and traditional pharmacological and surgical approaches often fail to provide satisfactory outcomes. Targeted therapies approved outside China for CRS primarily focus on type 2 inflammation and are indicated only for CRSwNP, leaving a global gap in treatments specifically targeting CRSsNP or non-type 2 (neutrophil-dominated) CRS.

DPP1 is a promising target for treating neutrophil-driven conditions because it activates neutrophil serine proteases that, while essential for normal immune function, cause tissue damage when dysregulated. Unlike conventional treatments, DPP1 inhibitors can potentially deliver superior safety due to reduced systemic immunosuppression risks, while maintaining advantages of high target specificity, minimal side effects, and sustained long-term efficacy. Based on the preclinical and clinical trial evidence available to date, DPP1 inhibitors represent a promising therapeutic approach for neutrophil-dominated inflammatory diseases, including CRS, bronchiectasis, COPD, and asthma.

Competitive Landscape

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China and our YD0293 was the only DPP1 inhibitor candidate specifically targeting CRSsNP globally and in China.

INDUSTRY OVERVIEW

Community-Acquired Pneumonia

Overview

CAP is a respiratory infection that develops outside healthcare settings, distinguishing it from hospital-acquired pneumonia. As the most common pneumonia type, CAP stems from various pathogens — including bacteria, viruses, fungi, and parasites — that trigger fluid accumulation in alveoli (oxygen-absorbing air sacs in lungs), impairing air exchange. CAP’s universal susceptibility across age groups underscores its significant public health burden worldwide.

CAP manifests clinically through dyspnea (shortness of breath), fever and coughing, and pleuritic chest pain. Severe CAP is a critical form of CAP marked by respiratory failure, sepsis, or multiorgan dysfunction. Despite existing treatments — primarily antibiotics — this life-threatening condition results in a high hospitalization rate at 10–20%, with mortality reaching 5–10% among severe cases and vulnerable patients, particularly elderly patients and those with comorbidities or immunocompromised status, highlighting the critical need for improved therapeutic interventions.

Market Opportunities

The incidence of CAP in China was 11.8 million cases in 2024 and is estimated to reach 14.4 million in 2035. The CAP drug market in China was estimated at approximately RMB14.9 billion in 2024 and is expected to reach RMB28.7 billion in 2035 at a CAGR of 6.2%.

Therapeutic management for CAP primarily involves antibiotics (targeting bacterial causes), antipyretics (fever reducers), and antitussives (cough suppressants). Hospitalized CAP patients typically receive one of three antibiotic approaches: beta-lactam antibiotics (like penicillins) used alone, beta-lactam antibiotics combined with other antibiotics for wider bacterial coverage, or respiratory fluoroquinolones as single-drug therapy. Current CAP treatments face significant limitations, including frequent empirical antibiotic use due to often unidentified pathogens and bacterial resistance. Among the novel therapeutic options under clinical development, sivelestat sodium presents significant opportunities as an anti-inflammatory therapy for CAP patients by inhibiting neutrophil elastase activity to suppress inflammation and protect lung function.

Competitive Landscape

As of the Latest Practicable Date, all approved CAP drugs in China were antibiotics. As of the same date, our H057 was one of the only two small-molecule inhibitors — and the only inhalant — under clinical development in China for the treatment of CAP.

The following tables illustrate the competitive landscape of clinical-stage small-molecule inhibitors for CAP in China.

Small-molecule Inhibitor Candidates for CAP Under Clinical Development in China

Drug Name	Target	Dosage Form	Indications	Phase of Trial	Company	First Post Date
SR1375	PLA2G7	Capsule	CAP	Phase II	Simr Biotech	2024-08
H057	Neutrophil Elastase	Inhalant	CAP	Phase I	Our Group	2025-03

Note: The table above only shows clinical-stage Category I and Category II drugs registered on the CDE website.

Source: CDE, Frost & Sullivan

INDUSTRY OVERVIEW

Bronchiectasis

Overview

Bronchiectasis is a chronic structural airway disease characterized by irreversible bronchial dilatation and distortion, accompanied by mucus retention, persistent airway inflammation, and recurrent infections. It is primarily driven by neutrophil-predominant inflammation, where impaired mucus clearance and bacterial infections activate neutrophils to release neutrophil elastase. This enzyme creates a destructive cycle by promoting inflammation, damaging airway cilia, and breaking down structural proteins like elastin, leading to progressive airway destruction. Clinically, it manifests as chronic cough, sputum production, recurrent hemoptysis, and repeated pulmonary infections. Bronchiectasis commonly coexists with chronic obstructive pulmonary disease (“COPD”), asthma, and other respiratory disorders, forming so-called “overlap syndromes.”

Bronchiectasis represents a significant health concern in China due to its high prevalence, chronic respiratory symptoms, frequent exacerbations requiring hospitalization, and progressive lung function decline that impacts patients’ quality of life and healthcare resources.

Market Opportunities

The prevalence of bronchiectasis in China was 26.8 million cases in 2024 and is estimated to reach 35.0 million in 2035. The bronchiectasis drug market in China was estimated at approximately RMB14.2 billion in 2024 and is expected to reach RMB36.4 billion in 2035 at a CAGR of 8.9% from 2024 to 2035.

Effective bronchiectasis management requires close attention to both stable-phase care and acute exacerbations. The management of bronchiectasis during stable periods employs a comprehensive strategy to interrupt the cycle of infection and inflammation. Airway clearance therapy, including chest physiotherapy and structured breathing techniques, facilitates mucus expectoration and improves respiratory function. Pharmacological interventions such as hypertonic saline and mucolytic agents enhance mucus clearance, while long-term antibiotic therapy has demonstrated efficacy in reducing exacerbation frequency in selected patient populations.

During acute exacerbations, treatment focuses on: (i) symptom improvement, (ii) returning to baseline stability, and (iii) reducing symptom duration. After discharge, the key goals are preventing future inflammation and prolonging time between exacerbations. Antibiotic therapy represents the primary therapeutic intervention for acute exacerbations of bronchiectasis, though current treatment approaches face substantial clinical limitations. Empirical antibiotic selection must proceed without microbiological confirmation, frequently resulting in suboptimal pathogen coverage and contributing to antimicrobial resistance development. Furthermore, antibiotic penetration into infected bronchiectatic airways may be compromised by ineffective drug delivery mechanisms and bacterial biofilm formation.

In response to these unmet needs, novel therapeutic approaches, such as neutrophil elastase inhibitors, are emerging to address the underlying inflammatory pathophysiology. Inhalable sivelestat sodium, a selective neutrophil elastase inhibitor, can potentially achieve direct delivery to affected airways while targeting the root cause of bronchiectasis exacerbations — the destructive cycle of neutrophil-mediated inflammation and progressive airway damage.

INDUSTRY OVERVIEW

Competitive Landscape

As of the Latest Practicable Date, there was no targeted treatment for bronchiectasis approved in China. As of the same date, there were seven targeted therapies under clinical development in China for the treatment of bronchiectasis.

Inflammatory Bowel Disease

IBD is a chronic, relapsing, immune mediated disorder of the gastrointestinal tract, primarily comprising ulcerative colitis and Crohn’s disease. It is generally believed to arise from a complex interaction among genetic susceptibility, environmental exposures, gut microbiota disruption and dysregulated immune responses. Common symptoms of IBD include diarrhea, abdominal pain, rectal bleeding, weight loss, fatigue and fever, which may substantially impair patients’ quality of life and daily functioning. The prevalence of IBD in China was estimated at 0.8 million in 2024 and is expected to reach 1.3 million in 2032. Ulcerative colitis is the most prevalent form of IBD, accounting for approximately 75% of IBD cases. Clinically, ulcerative colitis is characterized by mucosal inflammation that typically begins in the rectum and extends proximally in a continuous pattern, whereas Crohn’s disease may affect any part of the gastrointestinal tract and often involves discontinuous, transmural inflammation.

Current clinical management of IBD in China generally follows a step-up treatment paradigm, under which aminosalicylates, glucocorticoids, immunomodulators, biologics and surgery are introduced progressively based on disease severity and patient response. Despite the availability of these treatment options, remission rates remain below 50%, indicating a persistent therapeutic ceiling. In addition, existing therapies continue to face significant limitations, including primary non-response or secondary loss of response, infection risks associated with certain immunosuppressive or biologic agents, and limited treatment options for special patient populations, such as those with refractory perianal fistulizing disease, ulcerative proctitis or serious comorbidities. As a result, IBD remains a persistent chronic disease with significant unmet clinical needs, and there continues to be strong demand for more effective, safer and more targeted therapies. The IBD drug market in China was estimated at RMB10.9 billion in 2024 and is expected to increase to RMB36.9 billion in 2032.

As of the Latest Practicable Date, approved targeted therapies for IBD in China were predominantly monoclonal antibodies, with no PDE4B inhibitor approved. As of the same date, no PDE4B inhibitor targeting IBD in China had entered Phase II clinical development or beyond.

Sepsis

Sepsis is a life-threatening systemic condition triggered by the body’s dysregulated response to infection, leading to widespread tissue damage and organ dysfunction. Characteristic symptoms of sepsis include fever, tachycardia, tachypnea, and altered mental status, often originating from infections in the lungs, urinary tract, abdomen, or skin. In its most severe form, sepsis progresses to septic shock, defined by persistent hypotension and multi-organ failure due to circulatory collapse. The resulting hypoperfusion critically damages the lungs, kidneys, liver, and other organs, carrying a high mortality risk. Globally, sepsis affects over 100 million people annually, claiming over 20 million lives — accounting for a substantial proportion of critical care fatalities. The incidence of sepsis in China was 9.1 million cases in 2024 and is estimated to reach 12.8 million in 2035.

Furthermore, sepsis survivors typically suffer from persistent cognitive impairment, creating substantial long-term healthcare burdens. Despite this significant disease burden, the field has historically lacked targeted pharmacological interventions, with conventional approaches yielding suboptimal outcomes. Sepsis management in China primarily relies on early broad-spectrum

INDUSTRY OVERVIEW

antibiotics (e.g., carbapenems, β -lactams), fluid resuscitation, vasopressors (e.g., norepinephrine), and organ support (e.g., mechanical ventilation). However, existing treatments face significant limitations, including (i) rising antimicrobial resistance, reducing antibiotic efficacy; (ii) high mortality rates ($\sim 30\text{--}50\%$) due to uncontrolled inflammation and organ failure; and (iii) limited targeted therapies for immune dysregulation, with most regimens focusing on infection control rather than modulating the host response. The sepsis drug market in China was estimated at approximately RMB25.2 billion in 2024 and is expected to reach RMB58.2 billion in 2035 at a CAGR of 7.9% from 2024 to 2035.

These gaps underscore the urgent need for novel therapies, particularly immunomodulatory agents, to improve treatment benefits. As of the Latest Practicable Date, there were seven Category I innovative drugs under clinical development in China for the treatment of sepsis, with our YD0743 being one of the immunomodulatory agents.

DRUG MARKET FOR PAIN MANAGEMENT IN CHINA

Pain management remains a critical challenge in global healthcare, with significant gaps in safe and effective treatment options. While analgesics play a vital role in alleviating pain, current therapies often fall short in balancing efficacy with safety, particularly for chronic pain conditions. For example, opioids, though potent, carry substantial risks of addiction, respiratory depression, and misuse, fueling public health concerns worldwide.

There is a pressing need for innovative non-opioid analgesics that provide robust pain relief without these systemic risks. This demand is particularly acute in China, which is poised to become the world’s largest and fastest-growing pain management market, driven by an aging population and increasing chronic disease burden.

Nav1.8 Inhibitors: Emerging Non-Opioid Analgesics

Overview

Nav1.8 inhibitors represent a promising class of non-opioid analgesics that specifically target voltage-gated sodium channels primarily expressed in peripheral nerves. By selectively inhibiting Nav1.8 — a crucial component in pain signal transmission — these inhibitors offer a distinctive therapeutic advantage: potent pain relief without the CNS effects that lead to addiction, respiratory depression, and other severe side effects associated with traditional opioids.

Market Opportunities

As a novel class of non-opioid analgesic, Nav1.8 inhibitors have potential applications across multiple pain indications, including postoperative acute pain, diabetic peripheral neuropathic pain (“DPNP”), and osteoarthritis pain. These markets are experiencing robust growth driven by aging demographics, increasing disease prevalence, and expanding healthcare access, while current treatment options remain limited by inadequate efficacy, addiction risks, or safety concerns.

Postoperative Acute Pain

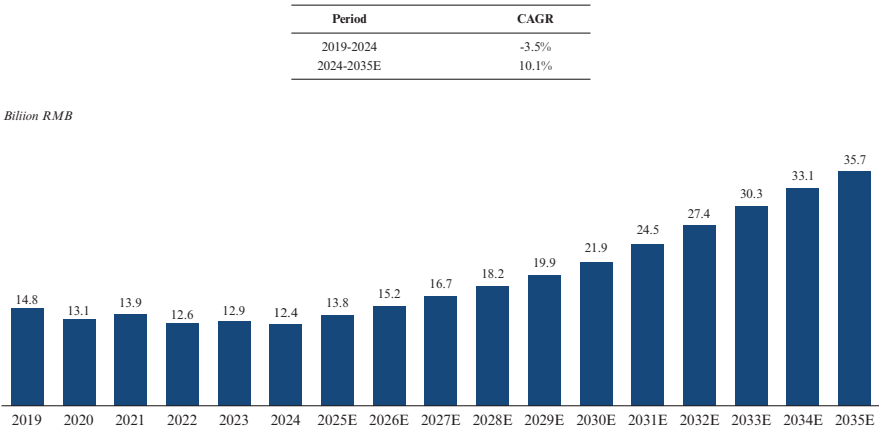
Postoperative acute pain, defined as pain immediately following surgical procedures, encompasses both somatic and visceral components and generally persists for three to seven days, though it may last several weeks after major surgeries such as thoracic operations or joint replacements requiring extensive rehabilitation. Inadequate pain control can result in significant short-term complications affecting cardiovascular, respiratory, gastrointestinal, and urinary systems, while long-term consequences include sleep disturbances, chronic pain syndromes,

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psychological disorders, and drug dependence. The incidence of postoperative acute pain in China increased from 71.3 million cases in 2019 to 123.7 million in 2024 at a CAGR of 11.7%, and is projected to reach 273.1 million cases in 2035 at a CAGR of 7.5% from 2024 to 2035. Current treatment approaches utilize multimodal analgesia combining nonsteroidal anti-inflammatory drugs (“NSAIDs”), acetaminophen, local anesthetics, and opioids; however, the substantial addiction risks associated with opioid use have driven increasing demand for potent, non-addictive analgesic alternatives.

The postoperative analgesia drug market in China exhibited volatility with an overall declining trend from RMB14.8 billion in 2019 to RMB12.4 billion in 2024, primarily due to price reductions under the national VBP schemes, tightened regulatory controls on opioid prescribing and utilization, and temporary reduction in elective surgical activities during the COVID-19 pandemic. However, the market is projected to enter a robust recovery and expansion phase from 2024 onwards, reaching RMB35.7 billion in 2035 at a CAGR of 10.1% from 2024 to 2035. This anticipated growth is driven by several key factors, including (i) sustained growth in surgical volumes particularly in aging-related procedures, and (ii) evolution of pain management practices from single-agent opioid-based approaches to multimodal and non-opioid analgesia. The chart below sets forth the market size of postoperative analgesia drugs in China during the relevant periods.

Market Size of Postoperative Analgesia Drugs in China, 2019-2035E



Source: Frost & Sullivan

DPNP

Peripheral neuropathic pain arises from damage to or dysfunction of peripheral nerves, resulting in chronic pain that significantly impairs patients’ quality of life. In China, DPNP represents substantial disease burdens within this therapeutic area.

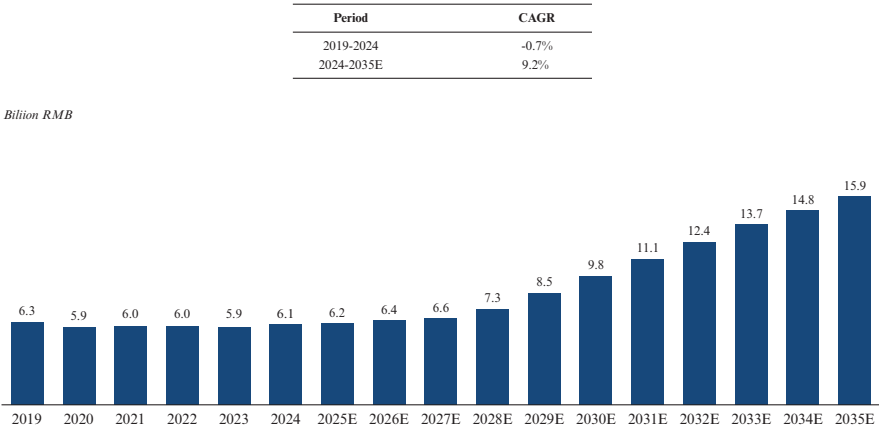
DPNP occurs in diabetic patients due to peripheral nerve damage caused by prolonged hyperglycemia. It is characterized primarily by bilateral limb pain, typically beginning in the feet and progressing upwards to the legs and hands, and is associated with significant functional impairment. The prevalence of DPNP in China rose from 30.0 million cases in 2019 to 34.2 million in 2024 at a CAGR of 2.7%, and is expected to reach 40.2 million by 2035 at a CAGR of 1.5% from 2024 to 2035.

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Current pharmaceutical treatment options for DPNP primarily include calcium channel modulators, serotonin-norepinephrine reuptake inhibitors (“SNRIs”), antidepressants, topical agents, opioids and cannabinoids. However, many patients achieve inadequate pain relief or discontinue therapy due to tolerability issues, including dizziness, somnolence, weight gain, and peripheral edema. These limitations underscore a significant unmet medical need for novel therapies with improved efficacy and tolerability in the treatment of DPNP.

The DPNP drug market in China remained relatively stable at around RMB6.0 billion from 2019 to 2024. Driven by several key factors, including (i) sustained growth in the prevalence of diabetes, (ii) heightened awareness of diabetic complications, and (iii) innovations in analgesic mechanisms as well as the development of multimodal pain management approaches, such as Nav1.8 inhibitors, the DPNP drug market is expected to reach RMB15.9 billion in 2035 at a CAGR of 9.2% from 2024 to 2035. The chart below sets forth the market size of DPNP drugs in China during the relevant periods.

Market Size of DPNP Drugs in China, 2019-2035E



Source: Frost & Sullivan

Osteoarthritis Pain

Osteoarthritis pain is the predominant clinical symptom of osteoarthritis, a chronic and heterogeneous joint disease. The severity of pain often correlates with the degree of structural joint damage and may fluctuate over time, manifesting as either constant or intermittent pain patterns. Mechanistically, osteoarthritis pain represents a mixed pain phenotype that encompasses both inflammatory and mechanical injury-induced pain, as well as neuropathic pain resulting from neural sensitization. This complexity renders osteoarthritis pain a primary driver of functional limitation and diminished quality of life, leading to impaired mobility, difficulty with daily activities, and significant impacts on mood and sleep. In China, the prevalence of osteoarthritis pain rose from 85.7 million cases in 2019 to 89.5 million in 2024 at a CAGR of 0.9%, and is expected to reach 104.7 million by 2035 at a CAGR of 1.4% from 2024 to 2035.

Current pharmaceutical management for osteoarthritis pain primarily comprises topical agents (such as NSAID patches), oral medications (including acetaminophen, NSAIDs, and opioids), and intra-articular injections (such as corticosteroids). However, these treatments face distinct limitations: topical therapies often lack sufficient potency, while oral and injectable options are constrained by significant safety risks, including hepatic, renal, and cardiovascular impairment, addiction potential, or short duration of action. Accordingly, a critical gap remains for long-acting

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treatments that can deliver effective pain relief without compromising patient safety. The osteoarthritis pain drug market in China presents a substantial opportunity, with the market size reaching RMB26.7 billion in 2024. It is expected to increase to RMB52.0 billion in 2035 at a CAGR of 6.2% from 2024 to 2035.

While traditional non-opioid analgesics serve as first-line treatment for mild to moderate and neuropathic pain, severe pain management often necessitates opioid therapy. Nav1.8 inhibitors represent a novel therapeutic approach that bridges this gap — their peripheral selectivity and robust analgesic properties offer opioid-comparable pain relief without CNS complications, while addressing pain types unresponsive to traditional non-opioid analgesics.

The table below sets forth the key differentiating features of Nav1.8 inhibitors against traditional non-opioid analgesics, including NSAIDs, SNRIs and calcium channel blockers.

Drug Type	Nav1.8 Inhibitors	Other Non-Opioid Analgesics		
		NSAIDs	SNRIs	Calcium channel blockers
Mechanism of Action	Block Nav1.8 sodium channels in peripheral nerves, reducing the transmission of pain signals from the periphery to the CNS	Inhibit cyclooxygenase enzymes (COX-1, COX-2), reducing prostaglandin synthesis and inflammatory mediators	Strengthen the CNS's descending inhibitory pain pathways through inhibition of serotonin and norepinephrine reuptake	Bind to voltage-gated calcium channels (α2δ subunits) in the CNS, reducing neurotransmitter release (e.g., glutamate) involved in pain signaling
CNS effects	Minimal CNS effects	Limited CNS effects	CNS effects of varying severity, typically manifesting as changes in mental status, dizziness, and other neurological symptoms	
Patient population	Patients with moderate-to-severe acute pain, addressing a critical therapeutic gap between the limited efficacy of NSAIDs and the significant safety concerns associated with opioid therapy and other non-opioid analgesics	First-line therapy for chronic pain conditions, particularly neuropathic pain, given their established efficacy in managing nerve-related pain, with topical lidocaine and capsaicin available as supplementary options		
Representative drugs	Suzetrigine (VX-548)	Ibuprofen	Duloxetine	Pregabalin, gabapentin

Source: Literature Review, Frost & Sullivan

The first generation of Nav1.8 inhibitors exhibited significant limitations during clinical development, including poor bioavailability that necessitated daily doses of one to two grams for patients. Next-generation Nav1.8 inhibitors such as VX-548 deploy an optimized chemical structure that demonstrates superior pharmacological properties, serving as a safer, targeted alternative for pain management, particularly for conditions requiring long-term treatment where opioid risks are a significant concern.

Competitive Landscape

As of the Latest Practicable Date, no Nav1.8 inhibitor had been approved in China, and suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain.

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The following table illustrates the competitive landscape of clinical-stage Nav1.8 inhibitor candidates in China.

Nav1.8 Inhibitor Candidates Under Clinical Development in China

Drug Name	Indications	Phase of Trial	Company	First Post Date
HBW-004285	Postoperative abdominal surgery pain	Phase IIb/III	Chengdu Haibowei Pharmaceutical	2025-12
	Postoperative analgesia for correcting hallux valgus	Phase II		2025-07
	Postoperative orthopedic surgery analgesia	Phase II		2025-08
HRS-2129	Postoperative abdominal surgery pain	Phase II/III	Hengrui Pharmaceutical	2025-09
	Postoperative orthopedic surgery pain	Phase Ib/II		2025-02
	Knee Osteoarthritis	Phase Ib		2026-01
	Diabetic peripheral neuropathic pain	Phase Ib		2026-01
HL-1186	DPNP	Phase II	Our Group	2025-03
	Postoperative acute pain	Phase IIa		2025-03
	Osteoarthritis pain	Phase I		2025-03
JMKX000623	DPNP	Phase II	Shanghai Jiyou Pharmaceutical	2024-07
	Pain	Phase I		2022-03
JKN2306	Postoperative laparoscopic surgery pain	Phase I/II	Guangzhou Fermion Technology/Joincare Haibin Pharmaceutical	2025-01
KHN702	Postoperative acute pain	Phase Ib	Kanghong Pharmaceutical	2025-11
TRD208	Postoperative acute pain	Phase I	Beijing Tide Pharmaceutical	2025-10

Note: The table above only shows clinical-stage Category I innovative drugs registered on the CDE website.
Source: CDE; Frost & Sullivan

THE ONCOLOGY DRUG MARKET IN CHINA

Cancers remain one of the leading causes of death worldwide, posing severe threats to human health and creating significant socioeconomic burdens. In China, cancers have become the primary mortality cause, with over 5.0 million new cancer cases reported in 2024 — accounting for 23.6% of global incidence. Notably, China recorded 2.6 million cancer deaths in 2022, comprising over a quarter of global cancer mortality in the same year. Lung cancer and colorectal cancer were the most common cancer types in China by incidence in 2024, affecting 1,113.8 thousand and 542.4 thousand patients, respectively. The high incidence and mortality rates, coupled with the urgent need to improve patients’ quality of life, underscore both substantial unmet clinical needs and market opportunities in oncology therapeutics.

In line with the continuous growth of cancer incidence, China’s oncology drug market has expanded rapidly in recent years, growing from RMB182.7 billion in 2019 to RMB258.2 billion in 2024 at a CAGR of 7.2%, and is expected to reach RMB1,042.0 billion in 2035 at a CAGR of 13.5% from 2024 to 2035.

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Levofolinic Acid: Key Roles in Cancer Therapy

Overview

Levofolinic acid (levoleucovorin) is the biologically active L-isomer of folinic acid and an essential reduced form of folate. It plays critical roles in DNA synthesis and repair through its involvement in purine and pyrimidine nucleotide production as well as amino acid metabolism. These functions make it an important agent in oncology care, where it both enhances chemotherapy effectiveness and helps protect healthy cells.

Levofolinic acid has been developed in two main salt forms. The original calcium salt suffers from poor solubility, which can cause crystal precipitation and complications such as vascular blockage when high doses are required. In contrast, the sodium salt is far more soluble and avoids the risks associated with excess calcium, offering a safer and more reliable option for clinical use.

Market Opportunities

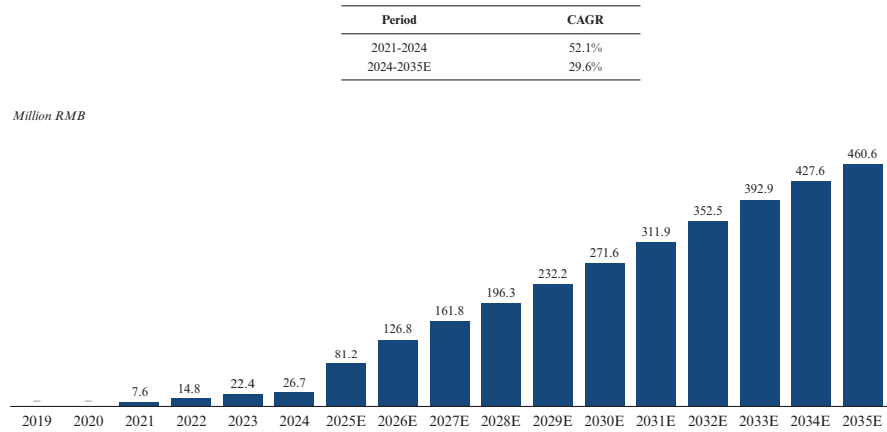
Levofolinic acid is clinically essential in two key therapeutic areas: (i) as a required component drug of 5-FU-based chemotherapy regimens (e.g., FOLFOX/FOLFIRI) for colorectal cancer, where it enhances antitumor efficacy, and (ii) as the standard rescue therapy for high-dose methotrexate (HDMTX) treatment, rapidly reversing drug-induced cytotoxicity.

Colorectal cancer is the second most common cancer and a leading cause of cancer mortality in China. The incidence of colorectal cancer in China was 542.4 thousand in 2024 and is estimated to reach 664.6 thousand in 2035. Currently, the FOLFOX regimen — comprising 5-fluorouracil (5-FU), folinic acid analogues, and platinum-based agents — represents the standard first-line chemotherapy for colorectal cancer and other gastrointestinal tumors. The concomitant administration of 5-FU with levofolinic acid in sodium salt formula has been shown to extend progression-free survival in patients with metastatic CRC (“**mCRC**”), while reducing the risk of death by approximately 40%.

The sodium levofolinate market in China, estimated at RMB26.7 million in 2024, is projected to grow at a CAGR of 29.6% and reach RMB460.6 million in 2035, driven by rising cancer incidence and the shift toward optimized chemotherapy regimens. The chart below sets forth the market size of sodium levofolinate in China during the relevant periods.

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Market Size of Sodium Levofolinate in China, 2019–2035E



Source: Frost & Sullivan

Competitive Landscape

As of the Latest Practicable Date, Zuoyu was one of the only two sodium levofolinate products approved in China. The following tables illustrate the competitive landscape of marketed sodium levofolinate in China.

Marketed Sodium Levofolinate in China

Drug name	Indications	Company	NMPA First Approval	NDRL Inclusion	Sales in 2024	Market Share in 2024
Zuoyu 佐愈®	• Administration with 5-FU for the treatment of mCRC	Our Group	2021–06	N/A	RMB25.9 million	> 90%
	• Rescue after high-dose methotrexate administration					
	• Reduction of toxicity caused by excessive use of folate antagonists or impaired elimination of methotrexate					
Haifuxin 海复欣®	• Rescue after high-dose methotrexate administration	Healthnice Pharmaceutical	2022–09	N/A	Undisclosed	< 10%
	• Reduction of toxicity caused by excessive use of folate antagonists or impaired elimination of methotrexate					
	• Administration with 5-FU for the treatment of mCRC					

Source: Frost & Sullivan

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DRUG MARKET FOR OTHER CHRONIC DISORDERS IN CHINA

Benign Prostatic Hyperplasia

Benign prostatic hyperplasia (“BPH”) is a common chronic condition in middle-aged and elderly men primarily characterized by urinary obstruction, and the most common benign condition contributing to lower urinary tract symptoms (“LUTS”) in aging males. It is histologically characterized by hyperplasia of both stromal and epithelial components of the prostate, anatomically manifested as prostate enlargement, and clinically by LUTS primarily resulting from bladder outlet obstruction as confirmed by urodynamic studies.

The prevalence of BPH in China was 21.0 million cases in 2024 and is estimated to reach 23.5 million in 2035. The histopathological incidence of BPH increases with age, affecting over 50% of men by age 60 and up to 83% by age 80. Epidemiological studies suggest that men in Asian populations may have a higher susceptibility to moderate-to-severe BPH-related symptoms compared to those in Western populations. As disease symptoms worsen, pharmacological treatment becomes the primary intervention to alleviate symptoms and delay disease progression.

Silodosin is the first-line therapy for BPH recommended in both Chinese and international treatment guidelines. Silodosin, as the most selective $\alpha 1A$ receptor antagonist currently available, demonstrates 162-fold greater binding affinity for $\alpha 1A$ versus $\alpha 1B$ receptor subtypes — a significant improvement over tamsulosin’s 9.55-fold selectivity. This enhanced receptor specificity translates to superior clinical outcomes in managing LUTS and BPH, while minimizing cardiovascular and other systemic adverse effects. The market size of BPH drugs in China was estimated at approximately RMB3.4 billion in 2024 and is expected to reach RMB7.2 billion in 2035 at a CAGR of 6.9% from 2024 to 2035.

As of the Latest Practicable Date, silodosin therapy in China was only available in twice-daily capsule, and our H077 was the first and only silodosin candidate in sustained-release formulation under clinical development. Compared to conventional silodosin capsules, sustained-release formulations of silodosin offer multiple clinical advantages, including: (i) enhanced patient compliance through simplified dosing schedules; (ii) stabilized plasma drug concentrations that minimize peak-trough fluctuations compared to immediate-release formulations, reducing concentration-dependent adverse effects; and (iii) potentially improved tolerability of silodosin-specific side effects through gradual drug release that avoids sudden concentration spikes.

Resistant Hypertension

Resistant hypertension is a clinically significant subtype of hypertension, defined as persistently elevated blood pressure above 130/80 mmHg despite the use of three or more antihypertensive drugs from different classes, or controlled blood pressure requiring four or more medications. This condition is marked by poor responsiveness to intensive medical therapy, placing patients at higher risk of cardiovascular events and highlighting a critical unmet need for new treatment strategies. According to WHO Guidelines for the pharmacological treatment of hypertension in adults, a large multicenter study across high-, middle-, and low-income countries found that only 40.6% of hypertension patients received treatment, with only 13.2% achieving blood pressure control, showing that blood pressure remains uncontrolled in the majority of hypertension patients.

The prevalence of hypertension in China was 353.6 million cases in 2024 and is estimated to reach 423.9 million in 2035. Resistant hypertension affects an estimated 15% of all hypertension patients and represents a major challenge in cardiovascular care. Multi-target drugs represent a next-generation approach to hypertension, acting on several biological pathways simultaneously. By addressing the multifactorial nature of the disease, they provide more effective blood pressure

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control, stronger cardiovascular and renal protection, and simplified treatment through single-formulation design. This not only improves adherence but also reduces the risk of side effects and drug interactions, making them particularly valuable for patients with resistant or complex hypertension.

Sacubitril valsartan sodium/amlodipine compounds exemplify this multi-target innovation. By modulating the renin-angiotensin system, enhancing protective peptides, and regulating calcium channels, they achieve superior blood pressure reduction while offering additional organ protection. This integrated, multi-pathway mechanism directly targets the complex pathophysiology of hypertension, offering new treatment options for patients who do not respond adequately to conventional therapies.

As of the Latest Practicable Date, there were no sacubitril valsartan sodium/amlodipine compound approved in China, and our H062 was one of the only two sacubitril valsartan sodium/amlodipine compound preparations under clinical development in China.

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report in relation to our key marketed products and drug candidates. Frost & Sullivan, founded in 1961, is an independent global market research and consulting company based in the United States. We have agreed to pay Frost & Sullivan a total fee of RMB0.66 million for the preparation of the Frost & Sullivan Report, which we believe to be consistent with the market rate. The payment of such amount is not contingent upon our successful [REDACTED] or on the findings contained in the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED].

The market projections in the Frost & Sullivan Report were based on the following key assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the Frost & Sullivan Report may be affected by the accuracy of the foregoing key assumptions.

REGULATORY OVERVIEW

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

Many aspects of our business are subject to various PRC laws, rules and regulations. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the PRC.

Laws and Regulations in Relation to Overseas Listing

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》)

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (hereinafter referred to as the “**Trial Measures**”) issued by the China Securities Regulatory Commission (the “**CSRC**”) on February 17, 2023 and effective from March 31, 2023, where the PRC domestic enterprises directly or indirectly issue securities overseas or list their securities overseas shall file with the CSRC and submit relevant materials. This listing application requires filing with the CSRC within three business days after submitting the overseas listing application, and compliance with the Regulations on Strengthening the Confidentiality and Archives Management for Overseas Offering and Listing of Securities by PRC Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC, the Ministry of Finance, the State Secrecy Bureau and the State Archives Bureau on February 24, 2023, and came into effect on March 31, 2023, and shall establish and sound systems for confidentiality and archive management, take necessary measures to implement confidentiality and document management responsibilities, refrain from disclosing state secrets and work secrets of state organs, and jeopardize the interests of the state and the public.

“Full Circulation” of H Shares

The CSRC promulgated the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H Share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Full Circulations Guidelines**”) on August 10, 2023, which allows certain qualified H share listed companies and H share companies to be listed for the application of full circulation to the CSRC. Our shareholders intend to apply for the circulation of certain domestic unlisted shares held before the overseas listing on the Stock Exchange after the completion of the overseas listing. In addition to the Full Circulations Guidelines, the relevant application must also comply with regulations such as the “Full Circulation” Program for Domestic Unlisted Shares of H Share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) and the Measures for Implementation of H-Share “Full Circulation” Business (《H股“全流通”業務實施細則》).

Regulatory Organs

The pharmaceutical industry in China is primarily regulated by the following authorities under the State Council of the People’s Republic of China: the National Medical Products Administration of the PRC (the “**NMPA**”, formerly known as the China Food and Drug Administration (the “**CFDA**”) or State Food and Drug Administration (the “**SFDA**”)), the National Healthcare Security Administration of the PRC, the National Health Commission of the PRC (the “**NHC**”), the NDRC, the Ministry of Industry and Information Technology of the PRC, the Ministry of Human Resources and Social Security of the PRC, and the Ministry of Ecology and Environment of the PRC.

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Laws and Regulations in Relation to the Pharmaceutical Industry

Regulatory framework of pharmaceutical industry

Our engagement in the research, production, and operation of drugs must comply with the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the “**Drug Administration Law**”). The Drug Administration Law (promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in September 1984 and latest amended in August 2019) and the Implementation Regulations of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) (promulgated by the State Council in August 2002 and amended in 2024 and latest amended in January 2026 and will take effect since May 15 2026) both establish the legal framework for PRC drug administration, which regulates the management of drug manufacturers, pharmaceutical trading enterprises, and the management of preparations prepared by medical institutions, covering drug development, research, manufacturing, distribution, packaging, pricing and advertising management framework.

Laws and Regulations in Relation to Pharmaceutical Research and Registration

Drug registration involves the process in which the applicant obtains approval for drug clinical trials, drug marketing authorization, re-registration and other supplementary applications in accordance with legal procedures and relevant requirements. The NMPA reviews the safety, effectiveness and quality controllability of drugs based on laws, regulations and existing scientific knowledge, and decides whether to approve the application. Upon obtaining drug registration certificate, the applicant becomes the drug marketing authorization holder (“**drug marketing authorization holder**”). The SAMR promulgated the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), which is applicable to drug development, registration, regulation and management activities carried out for drug marketing in China.

According to the Administrative Measures for Drug Registration, drug registration applicants shall complete the relevant research of pharmacy, pharmacology, toxicology and clinical trials before applying to the NMPA for drug marketing registration. Non-clinical safety evaluation studies conducted in institutions certified by quality management standards for drug non-clinical research that meet these standards, in accordance with regulations such as the Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》). Where animal experiments are involved, the provisions of the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) and the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) and other regulations must be complied with. Clinical trials for drugs shall be approved. Drug clinical trials shall be carried out in institutions that meet relevant regulations and comply with clinical trial quality management practices.

Application for Clinical Trial

After completing the pre-clinical studies, we must obtain approval for clinical trials of drugs from the NMPA before the conduction of new clinical drug trials. According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) came into effect on May 1, 2017, the decision on the approval of clinical trials of drugs enacted by the CFDA can be made by the CDE from May 1, 2017. Pursuant to the Drug Administration Law, the dossier on a new drug research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the relevant data, files and samples, shall, in accordance with the regulations of the drug regulatory authority under the State Council be truthfully submitted to the said department for approval before clinical drug trial is conducted.

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After obtaining clinical trial approval, we shall choose institutions qualified for clinical trials of the drug to conduct clinical trials. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect in December 2019, if engaging in drug development activities and conducting clinical trials of drugs (including bioequivalence test conducted after filing) approved by the NMPA within the territory of the PRC, they shall be conducted in the Drug Clinical Trial Institutions.

Clinical Trial

In compliance with the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), clinical trials are divided into Phase I, Phase II, Phase III, Phase IV and bioequivalence trial:

In November 2019, the NMPA and NHC jointly promulgated the Administrative Regulations for Drug Clinical Trial Institutions, which stipulates that each clinical trial institution should have an ethics committee responsible for conducting ethical review of drug clinical trials. The management of drugs used in a clinical drug trial shall satisfy the relevant requirements of the Good Clinical Practice for Drug Trials (“GCP”) (《藥物臨床試驗質量管理規範》). After being approved to carry out clinical drug trial, we shall, before carrying out subsequent clinical drug trial by stages, develop corresponding plan for clinical drug trial, carry out clinical drug trial upon examination and with consent of the ethics committee, and submit corresponding plan for clinical drug trial and supporting materials on the website of the CDE.

Clinical trials shall be conducted for the application of new drug registration and shall be implemented in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), promulgated and amended by the NMPA and NHC in April 2020 and came into effect on July, 2020. The Good Clinical Practice for Drug Trials refines and specifies responsibility requirements for all parties involved in drug clinical trials. It also emphasizes the importance of basic documents of clinical trials checked by sponsors and drug regulatory agencies, and serves as the basis for confirming the authenticity of clinical trials and the integrity of data collected. The Guidelines for the Maintenance of Essential Documents for Drug Clinical Trials (《藥物臨床試驗必備文件保存指導原則》) was promulgated by the NMPA in June 2020, which became effective in July 2020.

According to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), we may communicate with CDE on major issues at critical stages such as prior to application for clinical trial of a drug, during the process of clinical trial of a drug, and prior to application for marketing authorization of a drug. According to the Measures for the Administration of Communication and Exchange in Drug Development and Technology Review (《藥物研發與技術審評溝通交流管理辦法》) promulgated by the CDE on December 10, 2020, we may propose to convene a communication meeting with the CDE during the process of drug research and development and registration application.

Regulations on International Multi-Center Clinical Trials and Acceptance of Overseas Clinical Trial Data

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《關於發佈國際多中心藥物臨床試驗指南(試行)的通告》), (“**the Multi- Center Clinical Trial Guidelines**”), promulgated by the NMPA on January 30, 2015 and came into effect from March 1, 2015, we may simultaneously perform clinical trials in different centers using the same clinical trial protocol. If we plan to implement the international multi-center clinical trials in the PRC, we shall comply with relevant laws and regulations, such as the PRC Drug Administration Law, the Implementing Regulations of the PRC Drug Administration Law and the Administrative Measures for Drug Registration, execute the Good Clinical Practice, make reference to universal international

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principles such as the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), and comply with the laws and regulations of the countries involved in the international multi-center clinical trials.

Gathering, Collection and Filing of Human Genetic Resources

After the overseas [REDACTED], as a foreign investment applicant, we must comply with the regulations of the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境行政許可事項服務指南》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) promulgated by the Ministry of Science and Technology in August 2015, if we gather and collect human genetic resources through clinical trials, we should file a record with the China Human Genetic Resources Management Office through an online system.

According to the Regulations on the Management of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council in May 2019, which came into effect on July 1, 2019 and was newly revised in March 2024, and the Implementation Rules for the Administrative Regulation on Human Genetic Resources (《人類遺傳資源管理條例實施細則》) promulgated by the Ministry of Science and Technology on May 26, 2023, foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources within the territory of the PRC, or provide Chinese genetic resources to foreign countries. In addition, the gathering, preservation, utilization and external provision of Chinese genetic resources shall comply with relevant PRC regulations.

In areas such as research, development, and application of biology technology; biosecurity management of pathogenic microorganism laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons, we must comply with the relevant provisions of the Biosecurity Law of the PRC (《中華人民共和國生物安全法》) if we engage in related businesses.

New Drug Application

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), after completing clinical trials, determining quality standards, completing commercial-scale production process verification, and completing other relevant preparatory work, we may submit an application for drug marketing license to the NMPA. The NMPA then decides whether to agree to its application based on applicable laws and regulations. New drugs shall only be sold in the PRC market after the applicant has obtained the marketing license.

Registration of Generic Drugs

Our certain products are generic drugs. According to the Measures for the Administration of Drug Registration, for generic drugs or other eligible circumstances, if the applicant assesses that it is unnecessary or impossible for conducting clinical drug trial and meeting the conditions for exempting clinical drug trial, the applicant may directly file an application for drug marketing authorization. A generic drug shall be consistent with the quality and efficacy of the reference preparation. An applicant shall apply mutatis mutandis to the relevant technical guiding principles, select reasonable reference preparations. According to the Circular on Implementation of Record-filing Management of Bioequivalence Trials of Chemical Drug (《關於化學藥生物等效性試

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驗實行備案管理的公告》), the management of bioequivalence trials of chemical drug has been changed from examination and approval to record-filing. For a generic drug developed based on an already marketed reference preparation, the reference preparation shall be the original research drug, and the generic drug shall complete the filing of bioequivalence trials. In addition, the active ingredients, route of administration, dosage form, drug specifications, etc. of the generic drug shall be consistent with those of the reference preparation. The NMPA shall conduct analysis and technical evaluation of the record-filing materials submitted by an applicant for registration. Where the record-filing materials have obvious defects or high safety risks, the NMPA shall notify the applicant in a timely manner and terminate the bioequivalence trial.

Marketing Authorization Holder System

Pursuant to the Drug Administration Law and the Administrative Measures for Drug Registration, the state implements the drug marketing authorization holder system for drug management. After obtaining a drug registration certificate, an applicant shall be the drug marketing authorization holder. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

With the approval of the drug regulatory department under the State Council, the marketing authorization holder may transfer its marketing authorization. The transferee shall have the capabilities in quality management, risk control, and liability compensation to ensure the drug’s safety, efficacy, and quality controllability, and shall perform the obligations of a marketing authorization holder.

Laws and Regulations in Relation to Drug Manufacturer and Drug Production

Drug Manufacturing License

When conducting drug manufacturing, we shall obtain a Drug Manufacturing License from the relevant provincial authority under the NMPA in accordance with the Drug Administration Law.

Pursuant to the Measures for the Supervision and Administration of Drug Production promulgated by the SFDA on August 5, 2004 and newly amended on January 22, 2020, the validity period of a Drug Manufacturing License is five (5) years. The holder of the Drug Manufacturing License shall apply to the original licensing authority, which is the provincial-level authority under the NMPA at least six (6) months before the expiration of the validity period, and may continue the drug production license only after obtaining approval.

Good Manufacturing Practice (hereinafter referred to as “GMP”)

Our engagement in drug manufacturing activities must comply with the Good Manufacturing Practices (《藥品生產質量管理規範》), and establish a sound GMP management system, to ensure that the entire process of drug manufacturing maintain to meet the statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with the law.

Drug Contractual Manufacturing

The Drug Administration Law stipulates that, unless otherwise provided by laws and regulations, a drug marketing authorization holder may either manufacture drugs by itself or entrust a drug manufacturer to conduct the manufacturing. If we entrust the production of drugs, we shall comply with the relevant provisions of the Supervision and Administration of Drug

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Contractual Manufacturing (《藥品委託生產監督管理規定》) and the Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》) both promulgated by the NMPA in August 2014. Such contractual manufacturing arrangement shall be subject to the approval of the provincial branch of the NMPA. The Provisions on the Supervision and Administration of Drug Contractual Manufacturing prohibits the contractual manufacturing of certain special drugs, including but not limited to narcotic drugs, psychotropic drugs, biochemical drugs, and APIs.

The Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》) further stipulates that for a drug marketing authorization holder that entrusts the production of pharmaceutical preparations, it shall sign a commission agreement and a quality agreement with a qualified drug manufacturer, and submit the relevant agreements together with the application materials for the actual production site to the drug regulatory department, so as to apply for a Drug Manufacturing License.

On December 30, 2025, the National Medical Products Administration of the PRC issued the Announcement on Strengthening the Supervision and Administration of Entrusted Drug Manufacturing, which clarifies the specific obligations of contract manufacturers in respect of the quality management system, technology transfer, risk control for shared facility manufacturing, information management, and traceability of quality data. The Announcement requires that the division of responsibilities with the Marketing Authorization Holder through contract manufacturing agreements and quality agreements, and ensure alignment of their respective quality systems.

Drug Recalls

Pursuant to the Measures for the Administration of Drug Recalls promulgated on December 10, 2007, newly amended in October 2022, and became effective on November 1, 2022, we shall establish and improve their drug recall systems, collect information related to drug safety, and conduct investigations and evaluations on drugs with potential safety hazards. If a drug sold within the territory of China has any potential safety hazard that endangers human health and life safety, the drug manufacturer of such drug must initiate the drug recall procedure and perform recall obligations.

Laws and Regulations in Relation to Drug Distribution

Drug Distribution

According to the Drug Administration Law, our distributors shall obtain a Drug Distribution License and comply with the Good Supply Practice (《藥品經營質量管理規範》) (“GSP”) to implement strict control over their drug distribution activities.

Other Laws and Regulations in Relation to Medical Industry

Coverage of the National Medical Insurance System

The State Council issued the Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents on January 3, 2016, requiring the integration of the two systems, namely the basic medical insurance for urban residents and the new rural cooperative medical care, to establish a unified basic medical insurance system for urban and rural residents, except that migrant workers and flexible employees shall participate in the basic medical insurance for employees in accordance with the law.

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Medical Insurance Catalogue

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalogue. A pharmaceutical product listed in the Medical Insurance Catalogue must be clinically necessary, safe and effective, reasonably priced, convenient to use and the supply of which can be guaranteed by the market, and have the conditions stipulated by laws and regulations. After several adjustments, the currently effective one is the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2024) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024年)》) came into effect since November 27, 2024. We have certain drugs falling within the scope of the aforementioned catalog.

Two-invoice System

On December 26, 2016, eight (8) government departments including the State Food and Drug Administration jointly issued the Notice on Issuing the Implementing Opinions on Launching the “Two-invoice System” in Drug Procurement for Public Medical Institutions (for Trial Implementation) (《關於印發〈關於在公立醫療機構藥品採購中推行‘兩票制’的實施意見(試行)〉的通知》) (the “**Implementing Notice**”). As defined by the “Implementing Notice”, the “Two-invoice System” refers to the fact that a drug manufacturer issues an invoice to the distribution enterprise once, and the distribution enterprise issues an invoice to the healthcare institution once.

According to the Several Opinions Concerning Further Reforms of the Policies Governing Drug Production, Circulation and Usage (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) issued on January 24, 2017, when participating in public hospital procurement, we must comply with the Two-invoice System.

National Centralized Procurement Program and Tendering Procedures

According to the Implementation Opinions on Expanding the Regional Scope of the Pilot Program Regarding the National Organization of Centralized Procurement and Use of Drugs to Wider Areas (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) issued and implemented on September 25, 2019, and the Document on National Centralized Drug Procurement (GY-YD2021-1) (《全國藥品集中採購文件 (GY-YD2021-1) 》) issued by the Joint Procurement Office on January 15, 2021, the centralized volume-based drug procurement program will be implemented nationwide. All pharmaceutical manufacturers, exclusive agents of imported drugs, and drug marketing authorization holders are eligible to participate as long as their drugs are within the scope of the centralized procurement program.

The NHSA, the NHC, the NMPA, the MIIT and the Logistics Support Department of the Central Military Commission jointly issued the Notice on Carrying out the Second Batch of National Organization of Centralized Procurement and Use of Drugs (《關於開展第二批國家組織藥品集中採購和使用工作的通知》) (the “**Notice**”), which came into effect on January 13, 2020. The Notice established several implementation principles for national centralized drug procurement to comprehensively deepen reforms and standardize China’s national drug procurement system. On July 29, 2020, the Joint Procurement Office issued the Document on National Centralized Drug Procurement (GY-YD2020-1) (《全國藥品集中採購文件 (GY-YD2020-1) 》) to launch a new batch of centralized procurement of drugs that meet the centralized procurement conditions.

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On January 22, 2021, the General Office of the State Council issued the Opinions on Promoting the Regular and Institutionalized Implementation of Centralized Volume-Based Drug Procurement (《關於推動藥品集中帶量採購工作常態化制度化開展的意見》), proposing multiple measures to advance the normalization and institutionalization of centralized volume-based drug procurement nationwide. The document mandates participation from all public medical institutions in centralized drug procurement. Future procurement catalogs will include drugs with high market demand or procurement prices that have been included in the NRDL, while striving to cover domestically produced and marketed drugs that are clinically suitable and reliable in quality.

On May 20, 2024, the NHA published the Notice of the National Healthcare Security Administration on Further Promotion of the Experience of Medical Reform in Sanming City and to Continuously Promote the Innovative Development of Medical Insurance (Yi Bao Han [2024] No. 25) (《國家醫療保障局關於進一步推廣三明醫改經驗持續推動醫保工作創新發展的通知》(醫保函[2024]25號)), aiming to form a new pattern of centralized procurement with the centralized procurement of drugs and high-value medical consumables organized by provinces, and the centralized procurement of drugs and high-value medical consumables by the national alliance as the main body led by provinces, and centralized procurement of drugs and high-value medical consumables at the provincial level as the supplement.

On May 14, 2024, the NHA published the Notice of the National Healthcare Security Administration on Strengthening Regional Coordination to Improve the Quality and Coverage of Centralized Procurement of Pharmaceuticals in 2024 (Yibaobanfa [2024] No. 8) (《國家醫療保障局辦公室關於加強區域協同做好2024年醫藥集中採購提質擴面的通知》(醫保辦法[2024]8號)) to improve the centralized pharmaceutical procurement system, promote the quality and coverage of centralized procurement, and further enhance the capacity and scale of local procurement alliances, and hence achieving linkage and coordinated progress at the national and local levels.

On January 31, 2026, the Continued Procurement Office for National Centralized Drug Procurement — Products with Expired Agreements (國家組織集採藥品協定期滿品種接續採購辦公室) commissioned Jiangsu Province, Henan Province and Guangdong Province to take the lead in carrying out the national unified continued procurement work for products with expired agreements under the first to eighth batches of national centralized drug procurement.

Advertising of Pharmaceutical Products

The advertising of our pharmaceutical products must comply with the provisions of the Advertising Law of the PRC (《中華人民共和國廣告法》) and the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which promulgated by SAMR in December 2019 and came into effect on March 1, 2020. We may submit their applications for advertisements for drugs at the advertisement review authorities. After review, for that advertisements that are in line with laws, administrative regulations and these Measures, approval decisions of review shall be made and advertisement approval numbers shall be issued.

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Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品說明書和標籤管理規定》), which was promulgated by SFDA and came into effective on June 1, 2006, the insert sheets and labels of the drugs should be reviewed and approved by the SFDA. The Implementation Regulations of the Drug Administration Law of the PRC, which will take effect on May 15, 2026, stipulate that the content of drug labels and package inserts must be approved by the drug regulatory department. Drug manufacturers shall affix traceability labels on drug packaging in accordance with the regulations. Drugs whose ingredients do not match those stated on the label or package insert may be deemed as counterfeit drugs.

Laws and Regulations in Relation to Products

Product Liability

Our engagement in the production and sale of pharmaceutical products must comply with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC in February 1993, and latest amended in December 2018, and we bear the responsibility for the supervision and management of product quality.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC in May 2020 and coming into effect in January 2021, the manufacturer shall bear tort liability for harm caused by defects in their products. Where damage is suffered due to defects in products, the infringed party may seek compensation from the manufacturer or the seller of the product.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 and came into effect on March 15, 2014 to protect consumers’ rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to consumers. All business operators must pay high attention to protecting consumers’ privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Production Safety

Our drug production activities must comply with the Production Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC in June 2002 and amended in August 2014 and June 2021. Our employees must receive work safety education and be qualified through training before commencing their duties. For new building, rebuilding or expanding project, the safety facilities of the production and operation entity shall be designed, constructed and put into operation simultaneously with the main body of the project.

Laws and Regulations in Relation to Anti-Bribery

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended on June 27, 2025, and effective on October 15, 2025, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

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According to the Compliance Guidelines for Pharmaceutical Enterprises on Prevention of Commercial Bribery Risks (《醫藥企業防範商業賄賂風險合規指引》) issued by the SAMR on January 10, 2025, pharmaceutical enterprises are the principal entities responsible for preventing their own commercial bribery risks. Pharmaceutical enterprises should implement the main responsibility, strengthen internal control and compliance management to prevent commercial bribery risks, and consciously resist commercial bribery behaviors. Pharmaceutical enterprises should establish and improve compliance operation mechanisms based on the objective requirements of preventing commercial bribery risks, effectively preventing and addressing commercial bribery risks through systematic operations.

According to the Guiding Opinions on Establishment of the Trustworthiness Evaluation System for Drug Prices and Procurement by Bidding (《關於建立醫藥價格和招採信用評價制度的指導意見》) promulgated by the NHSA on August 28, 2020 and took effect simultaneously, the NHSA would establish a catalogue of dishonest matters involving drug prices and procurement by bidding, and the kickbacks or other improper benefits in the purchase and sale of drugs, tax-related violations of laws, monopolistic practices, improper pricing practices, disruption of the order of centralized procurement, malicious breach of contracts and other malpractices, will be included in such catalogue. Provincial centralized procurement agencies shall assess and rate the dishonest conduct of pharmaceutical enterprises into four levels: general, medium, serious and particularly serious, based on the nature, circumstances, effectiveness and impact of such dishonest conduct. Further, the provincial centralized procurement agencies shall, according to the trustworthiness ratings of pharmaceutical enterprises, take punitive measures, such as warnings and admonishments, restriction on market entry, and release of dishonest information. On May 20, 2025, the NHSA issued the Notice of the General Office of the National Health Insurance Administration on Further Improving the Credit Evaluation System for Pharmaceutical Pricing and Procurement (《國家醫療保障局辦公室關於進一步完善醫藥價格和招採信用評價制度的通知》), which simplified the credit violation evaluation into three tiers: “Credit Violation”, “Serious Credit Violation”, and “Especially Serious Credit Violation”. For manufacturing enterprises with “Especially Serious Credit Violation”, their product market access qualifications will be suspended. For the involved products, measures such as removing inflated pricing components must be taken in accordance with regulations when resuming sales.

Regulations in Relation to Environmental Protection and Fire Safety

Environmental Protection Law

According to the Environmental Protection Law (《環境保護法》), promulgated by the SCNPC on December 26, 1989 and amended on April 24, 2014 and came into effect on January 1, 2015, any enterprise or institution that discharges or will discharge pollutants during its operation or other activities shall adopt effective environmental protection measures and procedures to control and properly handle the waste gas, waste water, waste residue, dust, malodorous gases, radioactive materials, noise, vibration, electromagnetic radiation and other hazards generated in such activities.

Environmental Impact Assessment Law

Pursuant to the Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) of the PRC promulgated on October 28, 2002 and last amended on December 29, 2018, the State Council implements classified management of environmental impact assessments for construction projects based on the degree of environmental impact of such projects. Entities prepare an environmental impact report, an environmental impact statement or fill out the environmental impact report form in accordance with the rules.

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Regulations in Relation to the Administration of Construction Project Environmental Protection

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated on November 29, 1998 and last amended on July 16, 2017, and became effective on October 1, 2017, construction projects which cause pollution in the construction process shall comply with the national and local standards in respect of the discharge of pollutants; requirements for aggregate control of discharge of major pollutants must be met in areas under aggregate control of discharge of major pollutants.

Regulations in Relation to Urban Drainage and Sewage Disposal

Our product production shall, in accordance with the provisions of the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》) and the Administration of Sewage Discharge Permits (《排污許可管理辦法》), apply for and obtain a drainage license and a pollutant discharge permit.

Regulations in Relation to Lease

According to the Civil Code, owners shall have the rights to possess, use, benefit from and dispose of their real estate or movable properties in accordance with the law. The lessee may sublease the leased premises to a third party, subject to the consent of the lessor.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations in Relation to Intellectual Property

Patent

We hold several patents. The relevant patents are protected by the Patent Law of the PRC (《中華人民共和國專利法》) (the “**Patent Law**”) and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the “**Implementation Rules**”). According to the Patent Law, the total effective term of patents for new drugs after market approval shall not exceed fourteen (14) years. Furthermore, the Patent Law stipulates that, for public health purposes, the patent administration department of the State Council may grant compulsory licenses to patented drugs manufactured for export to countries or regions that comply with relevant international conventions to which the People’s Republic of China is a party.

Trademarks

We have certain trademarks. Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) and the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》). The Trademark Office under the State Administration for Market Regulation handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner.

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Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), business persons are prohibited from infringing others’ trade secrets. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop illegal activities according to law and impose fine on the infringing parties.

Regulations in Relation to Cybersecurity and Data Protection

Data Security and Export

The Data Security Law of the PRC (《中華人民共和國數據安全法》) came into effect on September 1, 2021 stipulates that China’s central government shall establish a central data security work coordination mechanism to coordinate the formulation of catalogues of important data by relevant departments across various industries and implement special measures to protect the security of important data.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), personal information of natural persons is protected by law. According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which came into effect on June 1, 2017, we must not collect or use personal information in violation of legal provisions or agreements with users. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) further emphasizes the obligations and responsibilities of data processors for the protection of personal information, and provides stricter protection measures on the processing of sensitive personal information.

According to the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, a data processor that provides data overseas under specific circumstances shall apply to the Cyberspace Administration of China for the security assessment of the outbound data transfer through local provincial cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (I) it is not a critical information infrastructure operator; (II) it has processed the personal information of less than one million individuals; (III) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (IV) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. The Cyberspace Administration of China promulgated the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) on March 22, 2024, which came into effect on March 22, 2024, have updated the regulatory mechanism for outbound data transfer.

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The Management Measures of Standards, Safety and Service of Health and Medical Big Data (《健康醫療大數據標準、安全和服務管理辦法》) which became effective on July 12, 2018 provide guidance and principles for the administration of standards, security and services of health and medical big data. Healthcare institutions and related enterprises (including enterprises entrusted by healthcare institutions with the storage and operation of health and medical big data) shall adopt such measures as data classification, backup of important data and encryption authentication to ensure the security of health and medical big data, and provide secure channels for information inquiry and duplication.

The Regulation on Network Data Security Management (《網絡數據安全管理條例》), which promulgated on January 1, 2025, reaffirms the general provisions on data processing activities and rules for the protection of personal information, protection of important data security, cross-border management of network data, and obligations of network platform service providers.

Laws and Regulations in Relation to Labor Protection

Labour Law and Labour Contract Law

The Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) stipulate the rights and obligations of employers and employees, including the establishment, performance, and termination of labor contracts. Employers and employees who are about to establish or have already established an employment relationship shall enter into a written labor contract.

Employers must not force employees to work overtime and shall pay overtime wages to employees in accordance with national regulations. Additionally, employees' wages must not fall below the local minimum wage standard and must be paid on time.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law (《社會保險法》), the Interim Measures concerning Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance for Employees of Corporations of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated on January 22, 1999, and the Regulations on Work-Related Injury Insurance (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, within China, employers shall provide their employees with benefits such as pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and medical insurance. Such funds shall be paid to the local human resources and social security departments. Any employer that fails to pay social insurance premiums may be ordered to make corrections, make up the required fees within the specified time, and be imposed with late payment fines. If the employer still fails to make corrections within the time limit, it may be fined between one to three times the amount of arrears.

REGULATORY OVERVIEW

According to the Regulations on the Administration Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council in 1999 and latest amended in March 2019, employers must register with the designated housing provident fund management center and open a bank account for depositing employees’ housing provident fund. In accordance with the regulations of the Ministry of Housing and Urban-Rural Development and its local housing provident fund management centers, employers and employees must also pay the housing provident fund on time and in full, and the amount shall not be less than 5% of each employee’s average monthly wage of the previous year.

Laws and Regulations in Relation to Tax

Enterprise Income Tax

According to the Enterprise Income Tax Law (《企業所得稅法》) and the Implementation Regulations of the Enterprise Income Tax, both resident enterprises and non-resident enterprises are required to pay taxes in China and are subject to the supervision of the SAT and its local competent authorities. A resident enterprise refers to an enterprise established within China in accordance with Chinese laws, or an enterprise established in accordance with foreign laws but actually controlled by a management institution within China. A non-resident enterprise refers to an enterprise established in accordance with foreign laws with its actual management located outside China, but which has set up institutions or places within China, or which has not set up such institutions or places but has income derived from sources within China. Pursuant to the Enterprise Income Tax Law and the Implementation Regulations of the Enterprise Income Tax, the income tax rate applicable to all enterprises is 25%. However, for non-resident enterprises that have not set up permanent institutions or places within China, or have set up such permanent institutions or places but the relevant income obtained within China has no actual connection with the institutions or places they have set up, they shall pay enterprise income tax at a rate of 10% on their income derived from sources within China.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), promulgated on December 13, 1993 and last amended on November 19, 2017, as well as The Decisions of the State Council on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) promulgated on November 19, 2017, all enterprises and individuals engaged in the sale of goods, provision of processing, repair and replacement services, sale of services, intangible assets, real estate, and import of goods within China shall pay value-added tax. In accordance with Announcement No. 39 issued by the SAT and its local competent authorities, the generally applicable VAT rates were simplified to 13%, 9%, 6% and 0%, which took effect on April 1, 2019. The VAT rate applicable to small-scale taxpayers is 3%.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

We are a pharmaceutical company with an established track record in drug development and commercialization. Through years of continuous effort, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization. Drawing on this foundation, we are actively expanding our capabilities with a strategic focus on innovative drugs targeting major diseases and critical illnesses. As of the Latest Practicable Date, we had built a portfolio of over ten marketed products and multiple drug candidates encompassing key therapeutic areas including immunology and inflammation, pain management, oncology and other chronic disorders.

Our history dates back to 2004 when our Company was established as a limited liability company under the laws of the PRC. In June 2022, we were converted from a limited liability company into a joint stock limited company. Our continued growth has been driven by our management team under the leadership of Mr. Dong, the chairman of our Board and one of our Controlling Shareholders. For details on Mr. Dong’s relevant industry experience, see “Directors and Senior Management.”

MILESTONES

The following table summarizes key milestones of our corporate and business development.

Year	Milestone
2004 . . .	Our Company was established in Shanghai as a limited liability company.
2012 . . .	Our Company’s innovative drug candidates were approved under the Major New Drug Innovation (重大新藥創製) project initiated by the Ministry of Science and Technology of the People’s Republic of China (中華人民共和國科學技術部).
2019 . . .	Kangmairui (ticagrelor tablets) received marketing approval from the NMPA, becoming our first commercialized product.
2020 . . .	Xiweina (sivelestat sodium for injection), as the first and only domestically developed sivelestat sodium in China, received marketing approval from the NMPA.
2021 . . .	Our multiple products, including Zuoyu (levofolinic acid for injection), Li’erban (rivaroxaban tablets), Dinuo’an (dienogest tablets), Xiaoxiong (avanafil tablets), Qianweитай (silodosin capsules), Pirui (temozolomide for injection) and Weidagan (azacitidine for injection), received marketing approval from the NMPA.
2023 . . .	We obtained IND approval for H057 (inhalable sivelestat sodium candidate), a Category II modified new drug and the first and only clinical-stage inhalable sivelestat sodium candidate globally.

HISTORY AND CORPORATE STRUCTURE

Year	Milestone
2024 . . .	We obtained IND approvals from the NMPA for YD0293, pursuant to which we have initiated YD0293’s Phase I clinical trial in healthy subjects. We also obtained IND approval for H062, one of the only two sacubitril valsartan sodium/amlodipine compound preparations under clinical development in China, and H077, the world’s first clinical-stage silodosin candidate in sustained-release formulation.
2025 . . .	We obtained IND approval for HL-1186, a Category I innovative drug candidate and a 1.8 (Nav1.8) inhibitor to treat acute and chronic pain. We also obtained IND approval for YD0743 and YD6390, Category I innovative drug candidates being investigated to treat sepsis/PALI and IBD, respectively. We obtained IND approval for YD0293 in February 2025, pursuant to which we have initiated YD0293’s Phase IIa clinical trial in CRS patients. YD0293 is a Category I innovative drug candidate and currently the only DPP1 inhibitor under clinical development for the treatment of CRSsNP worldwide. We launched the Phase III trials of H062 and H077 in China.

OUR MAJOR SUBSIDIARIES

We set forth below information about the major subsidiaries of our Group that made a material contribution to our operating results during the Track Record Period:

Company Name	Place of Establishment	Principal Business Activities	Date of Establishment and Commencement of Business
Jiangsu Huilun . .	PRC	Manufacturing and sale of pharmaceutical products	December 29, 2010
Hubei Huilun . . .	PRC	Manufacturing of pharmaceutical products	November 11, 2019

Our Company held the entire of the equity interest in the above major subsidiaries throughout the Track Record Period. See Note 1 of the Accountants’ Report as set out in Appendix I to this document.

For details of changes in the registered capital of our subsidiaries, see “Statutory and General Information — Further Information about Our Group — Changes in the Share Capital of Our Subsidiaries” in Appendix V to this document. Save as disclosed thereunder, there were no shareholding changes in our subsidiaries during the Track Record Period and up to the Latest Practicable Date.

HISTORY AND CORPORATE STRUCTURE

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of our Company

Our Company was established in the PRC as a limited liability company on February 5, 2004 with an initial registered capital of RMB1,000,000. Upon establishment, our Company was named as Shanghai Huilun Life Science and Technology Co., Ltd. (上海滙倫生命科技有限公司) and was then owned as to 80.0% by Mr. Dong and as to 20.0% by Dr. Qin Jihong (秦繼紅).

Upon establishment date and up to 2013, our Company underwent a series of capital increases and equity transfers, upon completion of which our Company was then owned as to 10.00% by Dr. Qin Jihong and 90.00% by Shanghai Huilun Pharmaceutical Technology Co., Ltd. (上海滙倫醫藥科技有限公司) (“**Huilun Technology**”), an investment holding vehicle which is controlled by Dong Zhu, the son of Mr. Dong, and Mr. Dong as of the Latest Practicable Date.

Pre-[REDACTED] Investments

From 2013, we underwent several rounds of Pre-[REDACTED] Investments. The major changes in our shareholding structure were mainly due to the capital increases and share transfers arising from the rounds of Pre-[REDACTED] Investments among our existing shareholders and the Pre-[REDACTED] Investors. For details, see “— Pre-[REDACTED] Investments” below in this section.

Conversion into a Joint Stock Company

In March 2022, pursuant to the Shareholders’ resolutions and the promoters’ agreement dated March 16, 2022, the then Shareholders of our Company agreed to convert our Company from a limited liability company into a joint stock company under the name of Shanghai Huilun Pharmaceutical Co., Ltd (上海滙倫醫藥股份有限公司). Upon completion of the conversion, the share capital of our Company of RMB144,977,108 was divided into 144,977,108 Shares with a nominal value of RMB1.00 per Share, which were subscribed for by our then Shareholders in proportion to their respective equity interest in our Company immediately before the conversion.

Capitalization Issue

In December 2022, our Shareholders passed a resolution to capitalize RMB232,540,673 from our share premium reserve for the issuing of 232,540,673 Shares with a nominal value of RMB1.0 each to our then Shareholders on a pro rata basis (the “**Capitalization Issue**”). Upon completion, the total issued Shares of our Company increased to 387,567,781 Shares with a nominal value of RMB1.0 each.

HISTORY AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

We underwent rounds of Pre-[REDACTED] Investments, the details and key terms of which are set forth below⁽¹⁾⁽⁵⁾:

	<u>Date of investment agreement(s)</u>	<u>Date of full settlement of consideration</u>	<u>Total amount of Shares subscribed (as adjusted to reflect the Capitalization Issue)⁽²⁾</u>	<u>Amount of total consideration paid</u> (<i>RMB</i>)	<u>Approximate Cost per Share (as adjusted to reflect the Capitalization Issue)⁽²⁾</u> (<i>RMB</i>)	<u>[REDACTED] to the [REDACTED]⁽³⁾</u>	<u>Post-money valuation of our Company⁽⁴⁾</u> (<i>RMB</i>)
Series A Financing	October 28, 2013	November 13, 2013	14,062,500	25,000,000	1.78	[REDACTED]	225,281,250
Series A + Financing	June 11, 2014	June 21, 2014	11,125,000	20,025,000	1.8	[REDACTED]	247,837,500
Series B Financing	December 29, 2014	February 3, 2015	19,276,250	70,000,000	3.63	[REDACTED]	569,778,413
Series C Financing	December 23, 2015; October 18, 2016	January 23, 2017	23,277,555	107,077,000	4.60	[REDACTED]	829,110,256
Series D Financing	From August 2019 to June 2020	September 14, 2020	81,638,730	384,999,998 ⁽⁶⁾	4.72	[REDACTED]	1,236,074,025
Series E Financing	From October 2020 to April 2021	June 3, 2021	55,770,755	345,000,000	6.19	[REDACTED]	1,963,082,222
Series F Financing	From November 26, 2021 to December 15, 2021	December 24, 2021	38,508,825	261,860,000	6.80	[REDACTED]	2,464,610,836
Series G Financing	November 28, 2022	December 13, 2022	12,749,980	102,000,000	8.00	[REDACTED]	3,001,542,160
Series H Financing	October 21, 2024	November 5, 2024	7,611,949	60,884,932	8.00	[REDACTED]	3,161,437,840
Series I Financing	May 30, 2025; August 22, 2025	September 18, 2025	8,470,588	72,000,000	8.50	[REDACTED]	3,431,027,703

Use of proceeds

We utilized the proceeds to finance our R&D activities, expansion initiatives, as well as to support the working capital needs of our Group. As of the Latest Practicable Date, all of the net proceeds from the Pre-[REDACTED] Investments has been utilized for the aforementioned purposes.

HISTORY AND CORPORATE STRUCTURE

Basis of determination of the consideration

The consideration for each Pre-[REDACTED] Investments were determined through arm’s length negotiation between the respective pre-[REDACTED] investor and our Group with reference to, among others, the mutual agreement between both parties, the available appraisal value of then existing Shareholders’ equity, where applicable, conducted by an Independent Third Party valuer, the status and continuous development of our business and the progress in the R&D of our pipeline products, as well as the prevailing valuations of comparable companies within the industry. The details are set below:

- (i) the increase in the valuation of our Company from Series A Financing to Series D Financing primarily due to the completion of clinical trials for Xiweina, and the launch of our first product, Kangmairui (ticagrelor tablets), and the approval of Xiweina.
- (ii) the increase in the valuation of our Company from Series D Financing to Series E Financing primarily due to multiple product approvals and commencement of commercialization. In 2021, seven products, namely Zuoyu (levofolinic acid for injection), Li'erban (rivaroxaban tablets), Dinuo'an (dienogest tablets), Xiaoxiong (avanafil tablets), Qianweilai (sildenafil capsules), Pirui (temozolomide for injection) and Weidagan (azacitidine for injection), were approved for marketing by the NMPA.
- (iii) the increase in the valuation of our Company from Series E Financing to Series F Financing primarily due to the growth in our sales revenue.
- (iv) the increase in the valuation of our Company from Series F Financing to Series I Financing primarily due to the sustained R&D and sales growth, and deepened integrated R&D, production and marketing operations.

Lock-up period

Pursuant to the applicable PRC laws, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) of our Company could not dispose of any of the Shares held by them.

Strategic benefits

Our Group would benefit from the additional capital injected by the Pre-[REDACTED] Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them. Our Pre-[REDACTED] Investors include institutional investors, some of which are highly experienced in investing in the healthcare industry. Our Directors believed that our Company could benefit from their industry insights and guidance. Our Directors were also of the view that the Pre-[REDACTED] Investments demonstrate the Pre-[REDACTED] Investors' commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group.

Notes:

- (1) For the details of our major Pre-[REDACTED] Investors, see “— Information about Our Pre-[REDACTED] Investors” below.
- (2) Calculated based on the number of Shares as adjusted after the conversion into a joint stock company in March 2022 and Capitalization Issue in December 2022.
- (3) The [REDACTED] to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range).
- (4) Post-money valuation is calculated on the basis of (a) cost per Share; and (b) the total number of Shares of our Company upon completion of the relevant round of the Pre-[REDACTED] Investment.

HISTORY AND CORPORATE STRUCTURE

(5) The pre-[REDACTED] investors participated in each round of our Pre-[REDACTED] Investments are set out as below:

a. **Series A Financing:** Guiyang Industrial Investment Biopharmaceutical Industry Venture Capital Co., Ltd. (貴陽工投生物醫藥產業創業投資有限公司) (“**Guiyang Biopharmaceutical Industry Capital**”).

b. **Series A + Financing:** Huilun Technology, Dr. Qin Jihong, Ge Wenbo (葛文波) (a then director of our Company), Guizhou Mingyue Venture Capital Fund Management Enterprise (Limited Partnership) (貴州明月創業投資基金管理企業(有限合夥)) (“**Mingyue VC**”) and other 37 minority individual investors, including (i) Zhang Yuhu, our current executive Director, and Li Wenhua (李文華), our current deputy general manager; (ii) Yuan Ye (袁野), the brother-in-law of Mr. Dong, and Wang Wenyi (王文意), the brother-in-law of Mr. Dong and the director of Xintian Pharmaceutical; (iii) 28 of our then employees (including 10 current employees and 18 former employees), namely, Zhang Yunhe, Luo Mengxia, Tang Jingwen, Wu Pengfei (吳鵬飛), Sun Jin, Wei Shuai, Xiao Liang (肖亮), Zhang Hong, Xia Hong (夏紅), Gu Yulan (顧玉蘭), Mao Jigen (毛紀根), Chen Guodong (陳國棟), Qian Yanan (錢亞楠), Shen Leilei (沈蕾蕾), Guan Wei (關璿), Chen Mancang (陳滿倉), Lei Bokai (雷伯開), Cai Jie (蔡傑), Fan Xing (樊興), Liu Li (劉莉), Tong Meng (佟萌), Zhong Yun (鍾芸), Sun Jie (孫傑), Tao Yuanzhi (陶元志), Liu Haizhu (劉海珠), Wang Song (王松), Ju Jin (居晉) and Zhu Meichen (朱梅臣); (iv) namely, Ji Weijia (季維嘉), a current director of Xintian Pharmaceutical; and (v) other four individual shareholders who are Independent Third Parties, namely, Chen Juerong (陳珏蓉), Wu Minxuan (吳旻宣), Tang Yuhai (湯聿海), and Shen Zhenwu (沈征武), each of whom became a shareholder of the Company in view of its development prospects at that time.

In November 2021, certain then employee shareholders of our Company, namely Zhang Yunhe (張雲鶴), Luo Mengxia (羅夢霞), Tang Jingwen (湯靖雯), Sun Jin (孫瑾), Wei Shuai (魏帥), Zhang Yuhu (張玉虎), and Zhang Hong (張紅), transferred their equity interests in our Company to Shanghai Huiqianna in exchange for corresponding partnership interests in Shanghai Huiqianna as part of an internal restructuring of their pre-existing shareholdings.

Certain Series A + Financing Investors, namely Gu Yulan, Mao Jigen, Chen Guodong, Qian Yanan, Shen Leilei, Guan Wei, Chen Mancang, Cai Jie, Lei Bokai, Fan Xing, Liu Li, Tong Meng, Zhong Yun, Ju Jin, Tao Yuanzhi, Liu Haizhu, Chen Juerong, Ge Wenbo, Zhang Yunhe and Wang Song, and Weng Yuezhong, as the successor to Zhu Meichen, transferred their respective interests in our Company to Huilun Technology, which subsequently transferred such interests to Mr. Dong and Dong Zhu.

c. **Series B Financing:** Shanghai Yuansu Investment Management Co., Ltd. (上海源溯投資管理有限公司) (“**Yuanshu Investment**”) and Shanghai Zhangjiang Biomedical Industry Venture Capital Co., Ltd. (上海張江生物醫藥產業創業投資有限公司) (“**Zhangjiang Biomedical VC**”).

Certain Series B Financing Investors, namely Zhangjiang Biomedical VC and Yuanshu Investment, transferred their respective interests in our Company to Huilun Technology, which subsequently transferred such interests to Mr. Dong and Dong Zhu.

d. **Series C Financing:** Beijing Fengrun Anhua Investment Management Partnership (北京豐潤安華投資管理合夥企業) (“**Beijing Fengrun**”), Taizhou Chin Medical City Rongjianda Venture Capital Co., Ltd. (泰州中國醫藥城融建創業投資有限公司) (“**Rongjianda VC**”), Beijing Jinhufeng Xinyue Investment Enterprise (Limited Partnership) (北京金慧豐新越投資企業(有限合夥)) (“**Jinhufeng Xinyue**”), Nanjing Tongren Boda Equity Investment Centre (Limited Partnership) (南京同人博達股權投資中心(有限合夥)) (“**Nanjing Tongren**”), Wang Yongchao (王永超), Guo Yulin (郭瑜林), Chen Hao (陳浩), Jiang Ganghong (蔣剛洪), Wang Liyong (王勵勇), and Liu Bin (劉彬), all of whom are Independent Third Parties.

Certain Series C Financing Investors, namely Beijing Fengrun, Wang Liyong, Chen Hao, Wang Yongchao, Liu Bin, Guo Yulin and Jiang Ganghong, transferred their respective interests in our Company to Huilun Technology, which subsequently transferred such interests to Mr. Dong and Dong Zhu.

HISTORY AND CORPORATE STRUCTURE

e. **Series D Financing:** Hainan Zhongtai Honglun Management Consulting Centre (Limited Partnership) (海南眾泰宏倫管理諮詢中心(有限合伙)) (“**Hainan Zhongtai**”), Guiyang Shuangfu Hotel Co., Ltd. (貴陽雙福酒店有限公司) (“**Shuangfu Hotel**”), Zhong’an Overseas Technology Introduction Investment Partnership (Limited Partnership) (中安海外技術引進投資合夥企業(有限合伙)) (“**Zhong’an Overseas**”), Xintian Pharmaceutical, Splendi (Beijing) Cultural Exchange Development Co., Ltd. (施普蘭迪(北京)文化交流發展有限公司) (“**Beijing Splendi**”), Guiyang Industrial and Information Technology Industry Development Guidance Fund Co., Ltd. (貴陽市工業和信息化產業發展引導基金有限公司) (the “**Guiyang Guidance Fund**”) and 26 minority equity owners, including Dr. Qin Jihong (our executive Director and general manager), Dong Zhu (our executive Director and one of our Controlling Shareholders), Ms. Wang (one of our Controlling Shareholders and the spouse of Mr. Dong), Dong Wei, Li Wenhua (our deputy general manager), Zhang Yuhu (our executive Director), Yuan Ye (the brother in-law of Mr. Dong), Wang Wenyi (王文意) (the brother-in-law of Mr. Dong and the current director of Xintian Pharmaceutical), Ge Wenbo (the then director of our Company), 11 of our then employees (including eight current employees and three former employees), namely, Xia Hong (夏紅), Zhang Yunhe (張雲鶴), Luo Mengxia (羅夢霞), Tang Jingwen (湯靖雯), Sun Jin (孫瑾), Xiao Liang (肖亮), Wei Shuai (魏帥), Wu Pengfei (吳鵬飛), Sun Guoming (孫國明) (our former deputy general manager), Zhang Hong (張紅), and Liu Haizhu (劉海珠), three of Xintian Pharmaceutical’s employees, namely Wang Guangping (our former deputy general manager and board secretary, and the current director, board secretary and deputy general manager of Xintian Pharmaceutical), Ji Weijia (季維嘉) (the current director of Xintian Pharmaceutical), Chen Juerong (陳珏蓉) (a former deputy manager of Xintian Pharmaceutical), and other three individual shareholders who are Independent Third Parties, namely, Tang Yuhai (湯聿海), Wu Minxuan (吳旻宣), and Shen Zhenwu (沈征武).

As part of the Series D Financing and the First Equity Transfer, Dong Wei acquired equity interests in our Company by way of capital injection and equity transfer from Zhong’an Overseas. For details, see “— Major Share Transfers — First Equity Transfer”. Upon completion of the foregoing, Dong Wei beneficially owned certain equity interests in our Company and held certain equity interests on behalf of 28 individual beneficial owners. For details, see “— Nominee Shareholding Arrangement” in this section.

Upon completion of the Series D Financing, Dr. Qin Jihong held certain equity interests in our Company for his own benefit and certain equity interests on behalf of two individual beneficial owners. For details, see “— Nominee Shareholding Arrangement” in this section.

f. **Series E Financing:** Xintian Pharmaceutical, Ningbo Meishan Free Trade Port Zone Hongmao Internet Investment Partnership (Limited Partnership) (寧波梅山保稅港區弘茂互聯網投資合夥企業(有限合伙)) (“**Ningbo Hongmao**”), Pingyang Puyi Investment Partnership (Limited Partnership)(平陽樸毅投資合夥企業(有限合伙)) (“**Pingyang Puyi**”), Shanghai Guosheng Haitong Equity Investment Fund Partnership (Limited Partnership) (上海國盛海通股權投資基金合夥企業(有限合伙)) (“**Shanghai Guosheng**”), Guiyang SME Development Fund (Limited Partnership) (貴陽中小企業發展基金(有限合伙)) (the “**Guiyang SME Development Fund**”), Jiaying Huayu Xinghui Enterprise Management Partnership (Limited Partnership) (嘉興華玉興匯企業管理合夥企業(有限合伙)) (“**Jiaying Huayu**”).

g. **Series F Financing:** Qingdao Tianzi Huilun Investment Partnership (Limited Partnership) (青島天自匯倫投資合夥企業(有限合伙)) (“**Qingdao Tianzi**”), Zhuhai Kangcheng Daotong VIII Emerging Industry Equity Investment Fund (Limited Partnership) (珠海康橙道同八期新興產業股權投資基金(有限合伙)) (“**Zhuhai Kangcheng VIII**”), Shanghai Gaoxin Shengsheng Venture Capital Partnership (Limited Partnership) (上海高信聖昇創業投資合夥企業(有限合伙)) (“**Shanghai Gaoxin**”), Hubei Pinghu Venture Capital Co., Ltd. (湖北頻湖創業投資有限公司) (“**Hubei Pinghu**”), Wanlian Guangsheng Investment Co., Ltd. (萬聯廣生投資有限公司) (“**Wanlian Guangsheng**”), Zhuhai Kangcheng Daotong VI Emerging Industry Equity Investment Fund (Limited Partnership) (珠海康橙道同六期新興產業股權投資基金(有限合伙)) (“**Zhuhai Kangcheng VI**”), Guangzhou Tianze Zhongding II Venture Capital Fund Centre (Limited Partnership) (廣州天澤中鼎二期創業投資基金中心(有限合伙)) (“**Guangzhou Tianze**”), Hainan Zhongtai, Beijing Splendi, Dong Ye (董曄), and Wang Guangping (our former deputy general manager and board secretary, and currently director, deputy general manager, and board secretary of Xintian Pharmaceutical).

Upon completion of the Series F Financing, Dong Ye held certain equity interests in our Company for his own benefit and certain equity interests on behalf of nine individual beneficial owners. For details, see “— Nominee Shareholding Arrangement” in this section.

HISTORY AND CORPORATE STRUCTURE

- h. **Series G Financing:** Xintian Pharmaceutical, Wang Jinhua (王金華) (the vice chairman and deputy general manager of Xintian Pharmaceutical), and 11 individual investors who are Independent Third Parties, namely, Li Huigui (李輝貴), Liu Linpeng (劉林鵬), Tang Li (唐黎), Zheng Huimin (鄭會敏), Zhong Aijia (鐘艾珈), Zhong Aike (鐘艾珂), Zhong Yutong (鍾雨桐), Zhang Jing(張敬), Liu Peng (劉鵬), Deng Guoping (鄧國平), and Tang Yuhai.
- i. **Series H Financing:** Guizhou New-Type Industrialization Development Equity Investment Fund (Limited Partnership) (貴州省新型工業化發展股權投資基金合夥企業(有限合夥)) (“**Guizhou Industrialization Development Fund**”), Guiyang Industrial and Information Technology Industry Development Guidance Fund Co., Ltd. (貴陽市工業和信息化產業發展引導基金有限公司) (“**Guiyang Guidance Fund**”), and Guizhou Province Jinchuan No. 1 Equity Investment Fund Partnership (Limited Partnership) (貴州省金產壹號股權投資基金合夥企業(有限合夥)) (“**Guizhou Jinchuan Fund**”).
- j. **Series I Financing:** Yantai Tianzi Huilai Venture Capital Fund Partnership (Limited Partnership) (煙台天自匯萊創業投資基金合夥企業(有限合夥)) (“**Yantai Tianzi**”), Beijing Jinhufeng Investment Management Co., Ltd. (北京金慧豐投資管理有限公司) (“**Beijing Jinhufeng Investment**”) and Xintian Pharmaceutical.

HISTORY AND CORPORATE STRUCTURE

Major Share Transfers

From June 2015 to August 2021, certain pre-[REDACTED] investors transferred their equity interests in our Company to Huilun Technology, an investment holding vehicle controlled by Dong Zhu, and Mr. Dong as of the Latest Practicable Date. The consideration for such transfers was determined after arm’s length negotiations, with reference to the relevant transferors’ original investment cost or the valuation adopted in the most recent pre-[REDACTED] financing round prior to the relevant transfer. Thereafter, from June 2023 to February 2024, all equity interests in our Company then held by Huilun Technology were transferred to Mr. Dong and Dong Zhu at acquisition cost to streamline our shareholding structure.

The following table sets out the details of the major share transfers by our then existing Shareholders. Besides the capital injections, a number of investors, as defined in “—Pre-[REDACTED] Investment” above, had invested in our Company through acquisition of equity capital or Shares from our then existing Shareholders.

No.	Transfer time	Transferer	Transferee	Number of registered capital/ Shares transferred ⁽¹⁾ (RMB)	Total consideration (RMB)	Date of the last payment of full consideration
First Equity Transfer ⁽²⁾	August 2020	Zhong'an Overseas	Guizhou Tianxiang Shengtai Enterprise Management Partnership (Limited Partnership) (貴州天祥勝泰企業管理合夥企業 (有限合夥)) (“Guizhou Tianxiang”)	4,036,755	23,307,608	August 28, 2021
			Guizhou Siruide	2,885,125	16,658,274	
			Wang Jinhua	1,484,340	7,000,000	
			Dong Wei	1,135,970	5,357,118	
	May 2021	Guizhou Tianxiang	Jiaxing Huayu	3,180,730	17,441,000	
	August 2021	Guizhou Tianxiang	Beijing Jiacheng Pharmaceutical Co., Ltd. (北京佳誠醫藥有限公司) (the “Beijing Jiacheng”)	636,148	3,488,200	
			Cheng Xuexiang (程雪翔)	636,148	3,488,200	
			Dong Ye	1,111,860	6,103,431	
		Guizhou Siruide	Hainan Ruixin Huitong Management Consulting Centre (Limited Partnership) (海南瑞信匯通管理諮詢中心(有限合夥)) (the “Hainan Ruixin”)	2,544,585	13,960,000	
			Dong Ye	1,432,718	7,856,569	
Second Equity Transfer	March 2021	Xia Hong	Lu Yali (陸雅莉)	573,395	3,545,875	November 22, 2021
	November 2021	Wu Pengfei	Dr. Qin Jihong	28,670	177,295	
		Xiao Liang		31,857	197,006	
		Ningbo Hongmao	Shanghai Zhuoying Venture Capital Partnership (Limited Partnership) (上海卓楹創業投資合夥企業(有限合夥)) (“Shanghai Zhuoying”)	1,496,800	10,000,000	
			Hainan Jinhui Feng Chuangying Venture Capital Partnership (Limited Partnership) (海南金慧豐創楹創業投資合夥企業(有限合夥)) (“Hainan Jinhui Feng”)	8,202,463	54,800,000	
Third Share Transfer	June 2023	Hainan Ruixin ⁽²⁾	Liu Peng	1,494,670	N/A	
			Qian Jinjing (錢金晶)	424,705	N/A	
			Tang Deping (湯德平)	424,705	N/A	
			Li Jing (李靜)	182,277	N/A	
			Tang Dujun (唐度君)	18,228	N/A	
Fourth Share Transfer	March 2024	Wang Qinna (王欽娜)	Wang Jinhua	212,050	1,696,400	November 6, 2024
	October 2024	Nanjing Tongren	Guiyang Guidance Fund	2,173,913	17,388,260	
		Zheng Huiming		1,076,744	8,612,440	
		Liu Linpeng		500,000	3,999,300	

HISTORY AND CORPORATE STRUCTURE

No.	Transfer time	Transferer	Transferee	Number of registered capital/ Shares transferred ⁽¹⁾ (RMB)	Total consideration (RMB)	Date of the last payment of full consideration
		Shanghai Guosheng	Guizhou Industrialization Development Fund	8,082,715	64,115,068	
Sixth Share Transfer	March 2025	Mingyue VC ⁽³⁾	Long Xianqi (龍賢齊)	25,000	N/A	
			Tang Yue (唐越)	75,000	N/A	
			Tian Changxia (田昌霞)	600,000	N/A	
			Wang Chunhua (王春華)	150,000	N/A	
Seventh Share Transfer	August 2025	Ge Wenbo	Dong Jing (董靜)	525,000	4,462,500	November 13, 2025
		Hubei Pinghu	Mr. Dong	588,237	5,980,000	
			Xintian Pharmaceutical	2,352,941	20,000,000	

Note:

- (1) As adjusted to reflect the Capitalization Issue.
- (2) Zhong'an Overseas originally subscribed for 28,626,568 Shares in our Company, of which the subscription consideration in respect of 19,084,378 Shares remained outstanding as at the relevant time.

Guizhou Tianxiang subsequently acquired 9,601,640 Shares from Zhong'an Overseas, comprising (i) 4,036,755 Shares for which the subscription consideration had been fully settled, and (ii) 5,564,885 Shares for which the subscription consideration remained outstanding. Guizhou Tianxiang reimbursed Zhong'an Overseas the amount previously paid by it in respect of the 4,036,755 fully settled Shares, together with accrued interest of RMB4,270,683. Guizhou Tianxiang retained the 4,036,755 Shares and transferred the remaining 5,564,885 Shares to Jiaying Huayu, Beijing Jiacheng, Cheng Xuexiang and Dong Ye, respectively, who subsequently settled with our Company the outstanding subscription consideration in respect of such Shares and reimbursed Guizhou Tianxiang the relevant accrued interest.

Guizhou Siruide subsequently acquired 6,862,428 Shares from Zhong'an Overseas, comprising (i) 2,885,125 Shares for which the subscription consideration had been fully settled, and (ii) 3,977,303 Shares for which the subscription consideration remained outstanding. Guizhou Siruide reimbursed Zhong'an Overseas the amount previously paid by it in respect of the 2,885,125 fully settled Shares, together with the relevant accrued interest of RMB3,052,317. Guizhou Siruide retained the 2,885,125 Shares and transferred the remaining 3,977,303 Shares to Hainan Ruixin and Dong Ye, respectively, who subsequently settled with our Company the outstanding subscription consideration in respect of such Shares and reimbursed Guizhou Siruide the relevant accrued interest.

- (3) In June 2023, as part of the liquidation of Hainan Ruixin, Hainan Ruixin entered into share transfer agreements with its then limited partners, namely Liu Peng, Tang Deping, Li Jing, Tang Dujun and Qian Jinjing (the daughter of Qian Ye, one of the then limited partners of Hainan Ruixin, designated to directly hold the relevant shares pursuant to their internal family arrangement), pursuant to which it transferred shares in our Company to them. As such transfers were effected solely to convert their indirect shareholding in our Company through Hainan Ruixin into direct shareholding, no consideration was paid. Hainan Ruixin was deregistered on 28 September 2023.
- (4) In March 2025, as part of the liquidation of Mingyue VC, Mingyue VC entered into share transfer agreements with its then limited partners, namely Long Xianqi, Tang Yue, Tian Changxia and Wang Chunhua, pursuant to which it transferred shares in our Company to them. As such transfers were effected solely to convert their indirect shareholding in our Company through Mingyue VC into direct shareholding, no consideration was paid. Mingyue VC was deregistered on 21 August 2025.

HISTORY AND CORPORATE STRUCTURE

Nominee Shareholding Arrangement

Historically, there were nominee shareholding arrangements in respect of the relevant shareholdings of our Company for administrative convenience purpose of fulfilling the requirements for business registration. In June 2023, these nominee shareholding arrangements had been terminated and the restorations have been completed. To the best knowledge of our Directors, they are not aware of any disputes regarding the historical nominee shareholding arrangements, nor are they aware of any current nominee shareholding arrangements within the Company.

As advised by our PRC Legal Advisors, the PRC Company Law and its ancillary regulations do not prohibit or restrict the respective nominator from setting up nominee arrangements for their equity investment. According to the PRC Civil Code, if the nominee arrangements are properly authorized and executed by the relevant parties, and do not fall into any specific invalidity circumstances of a contract as listed in the PRC Civil Code, they shall be deemed valid and enforceable. On this basis, our PRC Legal Advisors are of the view that the historical nominee shareholding arrangements would not be regarded as circumvention on breach of the regulatory requirements stipulated in the PRC Company Law applicable to our Group. As of the Latest Practicable Date, there had been no legal proceedings in respect of the historical nominee shareholding arrangements.

Details of the nominee shareholding arrangements as mentioned above are set forth as follows:

<u>Nominee</u>	<u>Beneficial owner</u>	<u>Total number of Shares⁽¹⁾</u>	<u>Total investment cost borne by beneficial owner(s)</u>	<u>Nomination duration</u>
Dong Wei	28 individual beneficial owners ⁽²⁾	3,333,575	RMB15,720,740	From August 2020 to June 2023
Dr. Qin Jihong	Two individual beneficial owners ⁽³⁾	143,750	RMB677,925	From April 2020 to June 2023
Dong Ye	Nine individual beneficial owners ⁽⁴⁾	629,000	RMB4,277,200.00	From December 2021 to June 2023

Notes:

- (1) As adjusted to reflect the Capitalization Issue.
- (2) In the Series D Financing and First Equity Transfer, Dong Wei subscribed for registered capital of RMB1,302,322 in our Company by way of capital injection and further acquired from Zhong'an Overseas equity interests in our Company representing registered capital of RMB454,388. Upon completion of the foregoing, Dong Wei held registered capital of RMB1,756,710 in our Company in aggregate, of which (i) RMB423,280, equivalent to 1,058,200 Shares upon the Capitalization Issue, was beneficially owned by him, and (ii) RMB1,333,430, equivalent to 3,333,575 Shares upon the Capitalization Issue, was held by him on behalf of 28 individual beneficial owners, including Ding Junyan (125,000 Shares), Ding Lieyi (125,000 Shares), Dong Chang (31,807 Shares), Dong Daheng (25,000 Shares), Dong Dahua (250,000 Shares), Dong Youxun (75,000 Shares), Dong Xiaochang (50,000 Shares), Dong Dagang (250,000 Shares), Wang Zaixiu (277,500 Shares), Dong Youquan (42,500 Shares), Jiang Xin (105,933 Shares), Zong Jiancai (25,000 Shares), Dong Jintao (200,000 Shares), Li Wanlan (25,000 Shares), Lin Xiaohong (375,000 Shares), Nie Huibin (42,500 Shares), Shen Yu (50,000 Shares), Tang Rong (18,750 Shares), Wang Qinna (212,050 Shares), Wang Ting (125,000 Shares), Xu Xiuzhen (50,000 Shares), Yao Zhuoying (169,640 Shares), Yuan Zhenzi (207,070 Shares), Zhou Jiqin (50,000 Shares), Zhang Liu (66,250 Shares), Zhao Wenjie (318,075 Shares), Dong Yousong (22,500 Shares) and Dong Youjing (19,000 Shares).

HISTORY AND CORPORATE STRUCTURE

Certain nominee shareholding arrangements involving Dong Wei were subsequently terminated, including by way of transfers of the relevant equity interests from several actual beneficial owners of the relevant Shares, including Dong Yousong, Dong Youjing and Jiang Xin, to Dong Wei in June 2021, January 2023 and June 2023, respectively. The remaining nominee shareholding arrangements were unwound in June 2023 by transferring the relevant Shares held by Dong Wei on behalf of the beneficial owners to such beneficial owners, following which the nominee shareholding arrangements were terminated.

- (3) In the Series D Financing, Dr. Qin Jihong subscribed for registered capital of RMB557,798 in our Company by way of capital injection. Upon completion of the foregoing, Dr. Qin Jihong held registered capital of RMB557,798 in our Company in aggregate, equivalent to 1,394,495 Shares upon the Capitalization Issue, of which RMB500,298, equivalent to 1,250,745 Shares upon the Capitalization Issue, was beneficially owned by him, and RMB57,500, equivalent to 143,750 Shares upon the Capitalization Issue, was held by him on behalf of two individual beneficial owners, including Feng Yanfang (125,000 Shares) and Xiao Taosheng (18,750 Shares).

In June 2023, Dr. Qin Jihong transferred the Shares in our Company held by him on behalf of the beneficial owners to such beneficial owners, following which the nominee shareholding arrangements ceased to exist.

- (4) In the Series F Financing, Dong Ye subscribed for registered capital of RMB291,765 in our Company by way of capital injection. Upon completion of the foregoing, Dong Ye held registered capital of RMB291,765 in our Company in aggregate, equivalent to 729,413 Shares upon the Capitalization Issue, of which (i) RMB40,165, equivalent to 100,413 Shares upon the Capitalization Issue, was beneficially owned by him, and (ii) RMB251,600, equivalent to 629,000 Shares upon the Capitalization Issue, was held by him on behalf of nine individual beneficial owners, including Dong Chang (220,000 Shares), Dong Dahua (50,000 Shares), Dong Youxun (267,500 Shares), Dong Youquan (19,000 Shares), Yuan Zhenzi (25,000 Shares), Dong Youzhao (5,000 Shares), Han Xianhong (12,500 Shares), Zhang Yuying (25,000 Shares) and Lin Caifeng (5,000 Shares).

In June 2023, the nominee shareholding arrangement was terminated between Dong Youzhao and Dong Ye upon Dong Youzhao transferring his respective interests to Dong Ye. In the same month, Dong Ye transferred the Shares in our Company held by him on behalf of the beneficial owners to such beneficial owners, following which the nominee shareholding arrangements ceased to exist.

PRC LEGAL ADVISORS’ CONFIRMATION

As advised by our PRC Legal Advisors, our Company and its subsidiaries have made all necessary filings and have complied with applicable PRC laws and regulations in relation to the changes of shareholdings as set out above.

INCENTIVE PLATFORMS

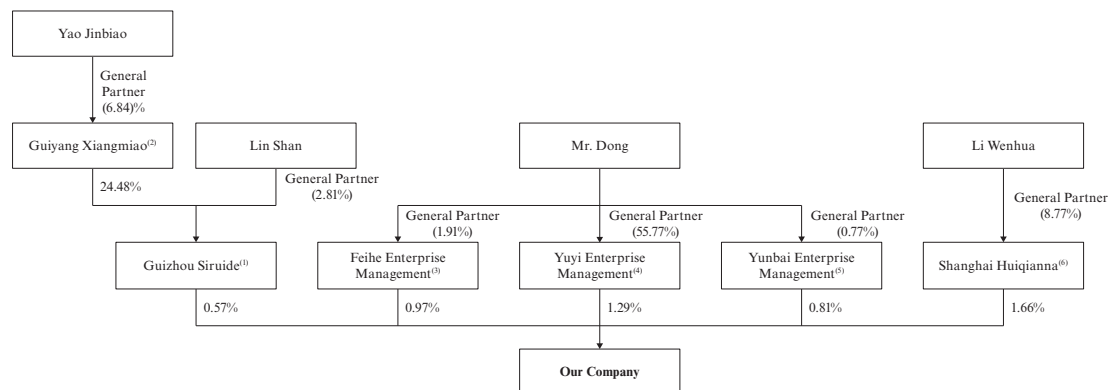
In recognition of the contributions of, the employees and other key stakeholders of our Group, and to incentivize them to further promote our development, we adopted the Share Incentive Plans and granted awards to eligible grantees under the Share Incentive Plans indirectly through the partnership interest in the incentive platforms. For further details of the Share Incentive Plans, please refer to “Appendix V — Statutory and General Information — Further Information about our Group — Share Incentive Plans” in this document.

To facilitate the administration of our employee incentive arrangements, segregate different batches of awards granted to eligible participants and comply with the limitation on the number of limited partners of a limited partnership under PRC law, we established six limited partnerships in the PRC as our employee incentive platforms (the “**Incentive Platforms**”), namely Guizhou Siruide, Guiyang Xiangmiao, Shanghai Huiqianna, Yuyi Enterprise Management, Feihe Enterprise Management and Yunbai Enterprise Management.

Our Incentive Platforms held in aggregate the following Shares (as adjusted to reflect the Capitalization Issue): (i) 2,313,876 Shares in Guizhou Siruide; (ii) 6,692,335 Shares in Shanghai Huiqianna; (iii) 5,200,000 Shares in Yuyi Enterprise Management; (iv) 3,925,000 Shares in Feihe Enterprise Management; and (v) 3,250,000 Shares in Yunbai Enterprise Management.

HISTORY AND CORPORATE STRUCTURE

As of the Latest Practicable Date, the simplified shareholding structure of the employee incentive platforms in our Company is as follows:



Note

- (1) Guizhou Siruide was established in the PRC as a limited partnership, the general partner of which is Lin Shan, our administrative manager with 2.81% partnership interest. As of the Latest Practicable Date, Guizhou Siruide had 32 limited partners including Li Wenhua (our deputy general manager) holding 2.16% partnership interest, Dong Wei (the nephew of Mr. Dong) holding 18.91% partnership interest, Dong Ye (the nephew of Mr. Dong) holding 4.05% partnership interest, Yuan Zhenzi (the niece of Mr. Dong) holding 0.81% partnership interest, and Zhang Yuhu (our executive Director) holding 3.24% partnership interest, Guiyang Xiangmiao Enterprise Management Partnership (Limited Partnership) (“**Guiyang Xiangmiao**”) holding approximately 24.48% of the partnership interest, as well as 26 other employees (including 24 current employees and two former employees) of our Group collectively holding approximately 43.54% of the partnership interest, with none of them holding more than 30% partnership interest.
- (2) Guiyang Xiangmiao was established in the PRC as a limited partnership, the general partner of which is Yao Jinbiao, the supervisor of our major subsidiary, Jiangsu Huilun, with 6.84% partnership interest. As of the Latest Practicable Date, Guizhou Xiangmiao had 34 limited partners, including Li Wanlan (the niece of Mr. Dong) holding 5.08% partnership interest, Dong Jiali (董家立) (the nephew of Mr. Dong) holding 3.31% partnership interest, as well as 32 other employees (including 29 current employees and three former employees) of our Group collectively holding approximately 84.77% of the partnership interest, with none of them holding more than 30% partnership interest.
- (3) Feihe Enterprise Management was established in the PRC as a limited partnership, the general partner of which is Mr. Dong with 1.91% partnership interest. As of the Latest Practicable Date, Feihe Enterprise Management had 42 limited partners, including Dr. Qin Jihong holding 7.64% partnership interest, Zhang Yuhu holding 6.37% partnership interest, as well as 40 other current employees of our Group collectively holding approximately 84.08% of the partnership interest, with none of them holding more than 30% partnership interest.
- (4) Yuyi Enterprise Management was established in the PRC as a limited partnership, the general partner of which is Mr. Dong with 55.77% partnership interest. As of the Latest Practicable Date, the Yuyi Enterprise Management had nine limited partners including Wang Guangping (the director, deputy general manager, and board secretary of Xintian Pharmaceutical) holding 8.17% partnership interest, Li Wenhua holding 9.62% partnership interest, Dong Ye holding 5.77% partnership interest, and six other current employees of our Group collectively holding 20.67% partnership interest.
- (5) Yunbai Enterprise Management was established in the PRC as a limited partnership. The general partner of Yunbai Enterprise Management is Mr. Dong with 0.77% partnership interest. As of the Latest Practicable Date, Yunbai Enterprise Management had 34 limited partners, including Zhang Xuan (張璇) (our head of finance and Board secretary) holding 13.08% partnership interest, Dong Wei holding 3.85% partnership interest, Yuan Zhenzi holding 1.54% partnership interest, Dong Jiali holding 1.54% partnership interest, Li Wanlan holding 1.54% partnership interest, as well as 29 other employees (including 28 current employees and one former employee of our Group collectively holding approximately 77.69% of the partnership interest, with none of them holding more than 30% partnership interest.

HISTORY AND CORPORATE STRUCTURE

- (6) Shanghai Huiqianna was established in the PRC as a limited partnership, the general partner of which is Li Wenhua, our deputy general manager, with 8.77% partnership interest. As of the Latest Practicable Date, Shanghai Huiqianna had 43 limited partners including Dong Wei holding 0.75% partnership interest, Zhang Yuhu holding 5.91% partnership interest, as well as 41 other employees (including 36 current employees and five former employees) of our Group collectively holding approximately 84.57% of the partnership interest, with none of them holding more than 30% partnership interest.

Save as disclosed above, none of the limited partners of the Incentive Platforms was a core connected person of our Company as of the Latest Practicable Date.

Information about Our Pre-[REDACTED] Investors

The background information of our major Pre-[REDACTED] Investors as of the Latest Practicable Date is set out below:

Guiyang Entities

Guiyang Biopharmaceutical Industry Capital is a limited liability company established in the PRC and primarily engaged in venture capital investments in the biomedical sector. As of the Latest Practicable Date, the largest shareholder of Guiyang Biopharmaceutical Industry Capital is Guiyang Venture Capital Co., Ltd. (貴陽市創業投資有限公司) (“**Guiyang VC**”) with 39.5% equity interests, which is ultimately controlled by Guiyang State-owned Assets Supervision and Administration Commission (貴陽市政府國有資產監督管理委員會) (“**Guiyang SASAC**”), a PRC Governmental Body as defined under the Listing Rules. None of other shareholders of VC holds more than 30% equity interest. All remaining shareholders of Guiyang Biopharmaceutical Industry Capital are Independent Third Parties, with none of them holding more than 30% equity interest.

Guiyang Guidance Fund is a limited liability company established in the PRC and primarily engaged in equity investment activities. As of the Latest Practicable Date, Guiyang Guidance Fund is owned as to 99.76% by Guiyang Industrial Development Fund Partnership (Limited Partnership) (貴陽市工業發展基金合夥企業(有限合夥)) (“**Guiyang Industrial Development Fund**”), and 0.24% by Guiyang VC. The general partner of Guiyang Industrial Development Fund is also Guiyang VC, which is ultimately controlled by Guiyang SASAC. None of the remaining limited partners of Guiyang Industrial Development Fund holding more than 30% partnership interest.

Guiyang SME Development Fund is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of which is Guiyang VC holding a 2.45% partnership interest, which is ultimately controlled by Guiyang SASAC. As of the Latest Practicable Date, all four limited partners of Guiyang SME Development Fund are Independent Third Parties. Guiyang Industrial Control Capital Co., Ltd. (貴陽產控資本有限公司), which is ultimately controlled by Guiyang SASAC, being the largest limited partner of Guiyang SME Development Fund, holds 71.94% partnership interest. None of the remaining limited partners, whom are Independent Third Parties, holds more than 30% partnership interest.

Tianzi Entities

Qingdao Tianzi is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Qingdao Tianzi is Shanghai Tianzi Investment Management Co., Ltd. (上海天自投資管理有限公司) holding a 0.94% partnership interest, which is owned as to 80% by Li Qiang (李強), an Independent Third Party. None of the remaining shareholders of Shanghai Tianzi Investment Management Co., Ltd. holding more than 30% partnership interest. As of the Latest Practicable Date, all 28 limited partners of Qingdao Tianzi are Independent Third Parties, with none of them holding more than 30% partnership interest.

HISTORY AND CORPORATE STRUCTURE

Yantai Tianzi is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Yantai Tianzi is Shanghai Tianzi Investment Management Co., Ltd. holding a 2.55% partnership interest, which is ultimately controlled by Li Qiang. As of the Latest Practicable Date, all 9 limited partners of Yantai Tianzi are Independent Third Parties, with none of them holding more than 30% partnership interest.

Guizhou Entities

Guizhou Industrialization Development Fund is a limited partnership established in the PRC and is engaged in investment holding. The general partner of Guizhou Guixin Ruihe Entrepreneurship Investment Management Co., Ltd. (貴州省貴鑫瑞和創業投資管理有限責任公司) (“**Ruihe VC**”) with 0.0036% partnership interest, which is ultimately controlled by Guizhou Provincial Department of Finance, a PRC Governmental Body as defined under the Listing Rules. As of the Latest Practicable Date, the sole limited partner is Guizhou Industry Development Co., Ltd (貴州省產業發展有限公司), a state-owned enterprise and is ultimately controlled by Guizhou State-owned Assets Supervision and Administration Commission, holds approximately 99.99% interest in Guizhou Industrialization Development Fund.

Guizhou Jinchuan Fund is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Guizhou Jinchuan Fund is Ruihe VC holding a 10% partnership interest, which is ultimately controlled by Guizhou Provincial Department of Finance. As of the Latest Practicable Date, all five limited partners of Guizhou Jinchuan Fund are Independent Third Parties. Guizhou Financial Holding Group Co., Ltd. (貴州金融控股集團有限責任公司), which is ultimately controlled by Guizhou Provincial Department of Finance, being the largest limited partner of Guizhou Jinchuan Fund, holds 49.85% partnership interest. None of the remaining limited partners, whom are Independent Third Parties, holds more than 30% partnership interest.

Hainan Zhongtai

Hainan Zhongtai is a limited partnership established in the PRC and primarily engages in investment activities and management consulting. The general partner of Hainan Zhongtai is Guiyang Zhongnengju Management Consulting Co., Ltd. (貴陽眾能聚管理諮詢有限公司) holding a 0.02% partnership interest, which is owned as to 60% by Hu Nianping (胡念平) and 40% by Tan Lihua (譚力華), both of whom are Independent Third Parties. As of the Latest Practicable Date, all five limited partners of Hainan Zhongtai are Independent Third Parties. Xie Ming (謝敏), being the largest limited partner of Hainan Zhongtai, holds 32.27% partnership interest. None of the remaining limited partners, whom are Independent Third Parties, holds more than 30% partnership interest.

Jinhuifeng Entities

Beijing Jinhuifeng Investment is a limited liability company established in the PRC and primarily engaged in equity investment activities and asset management. As of the Latest Practicable Date, the largest shareholder of Beijing Jinhuifeng Investment is Zhou Lixia (周麗霞) with 65% equity interests, an Independent Third Party. None of the remaining shareholders of Beijing Jinhuifeng Investment holding more than 30% equity interests. All remaining shareholders of Beijing Jinhuifeng Investment are Independent Third Parties, with none of them holding more than 30% equity interests.

HISTORY AND CORPORATE STRUCTURE

Hainan Jinhuifeng is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Hainan Jinhuifeng is Beijing Jinhuifeng Investment holding a 1.71% partnership interest, which is owned as to 65% by Zhou Lixia. As of the Latest Practicable Date, all eight limited partners of Hainan Jinhuifeng are Independent Third Parties, with none of them holding more than 30% partnership interest.

Jinhuifeng Xinyue is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Jinhuifeng Xinyue is Beijing Jinhuifeng Investment holding a 3% partnership interest, which is owned as to 65% by Zhou Lixia. As of the Latest Practicable Date, all 15 limited partners of Jinhuifeng Xinyue are Independent Third Parties, with none of them holding more than 30% partnership interest.

Shanghai Zhuoying is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Shanghai Zhuoying is Shangcheng (Shanghai) Investment management Co., Ltd. (尚丞(上海)投資管理有限公司), holding a 1.01% partnership interest, a wholly-owned subsidiary of Beijing Jinhuifeng Investment, which is owned as to 65% by Zhou Lixia. As of the Latest Practicable Date, all 13 limited partners of Shanghai Zhuoying are Independent Third Parties, with none of them holding more than 30% partnership interest.

Beijing Splendi is a limited liability company established in the PRC and primarily engaged in equity investment activities. As of the Latest Practicable Date, Beijing Splendi is owned as to 50% by Zhou Lixia and 50% by Wu Yi (吳毅), both of which are Independent Third Parties.

Rongjianda VC

Rongjianda VC is a limited liability company established in the PRC and is engaged in venture capital investment. As of the Latest Practicable Date, Rongjianda VC was owned as to 33.33% by Taizhou High-Tech Industry Investment Co., Ltd. (泰州市高新產業投資有限公司), 33.33% by Taizhou Medical High-Tech Zone Huayin Financial Investment Co., Ltd. (泰州醫藥高新區華銀金融投資有限公司), 32.33% by Taizhou Huajian Venture Capital Co., Ltd. (泰州華健創業投資有限公司), and 1.01% by Taizhou China Medicine City Rongjianda Venture Capital Management Co., Ltd. (泰州中國醫藥城融健達創業投資管理有限公司), all of which are ultimately controlled by Taizhou Medical High-Tech Industrial Development Zone Management Committee (泰州醫藥高新技術產業開發區管理委員會), a PRC Governmental Body as defined under the Listing Rules.

Pingyang Puyi

Pingyang Puyi is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Pingyang Puyi is Shanghai Huafeng Tianzhun Investment Management Co., Ltd. (上海華峰天准投資管理有限公司) holding a 9.09% partnership interest, which is in turn controlled by Huafeng Group Co., Ltd. (華峰集團有限公司) (“**Huafeng Group**”). Huafeng Group Co., Ltd is owned as to 79.63% by You Xiaoping (尤小平), an Independent Third Party. None of the remaining shareholders of Huafeng Group holds more than 30% equity interests. As of the Latest Practicable Date, all four limited partners of Pingyang Puyi are Independent Third Parties. Huafeng Group and Zhou Quan (周全), being the largest limited partners, holds 36.36% and 36.36% partnership interest, respectively. None of the remaining limited partners holds more than 30% partnership interest.

Kangcheng Entities

Zhuhai Kangcheng VIII is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Zhuhai Kangcheng VIII is Shanghai Kangcheng Investment Management Co., Ltd. (上海康橙投資管理股份有限公司) (“**Shanghai Kangcheng**”).

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holding a 4.19% partnership interest. Shanghai Kangcheng is owned as to 85.74% by Sun Feng (孫鋒), an Independent Third Party. None of the remaining shareholders of Shanghai Kangcheng holds more than 30% partnership interest. As of the Latest Practicable Date, all 11 limited partners of Zhuhai Kangcheng VIII are Independent Third Parties. None of the limited partners holds more than 30% partnership interest.

Zhuhai Kangcheng VI is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Zhuhai Kangcheng VI is Shanghai Kangcheng holding a 9.09% partnership interest, which is owned as to 85.74% by Sun Feng, an Independent Third Party. As of the Latest Practicable Date, the sole limited partner is Xiao Yu (肖羽), an Independent Third Party, holds approximately 90.91% interest in Zhuhai Kangcheng VI.

Jiaxing Huayu

Jiaxing Huayu is a limited partnership established in the PRC and is engaged in business management. The general partner of Jiaxing Huayu is Zhou Feng (周峰) holding a 0.09% partnership interest, an Independent Third Party. As of the Latest Practicable Date, all four limited partners of Jiaxing Huayu are Independent Third Parties. Lu Minyan (陸敏燕), being the largest limited partner of Jiaxing Huayu, holds 60.55% partnership interest. None of the remaining limited partners holds more than 30% partnership interest.

Shuangfu Hotel

Shuangfu Hotel is a limited liability company established in the PRC and primarily engaged in accommodation and catering services. As of the Latest Practicable Date, Shuangfu Hotel was owned as to 60% by Kou Jun (寇軍) and 40% by Zhong Huaping (鐘華平), all of which are Independent Third Parties.

Shanghai Gaoxin

Shanghai Gaoxin is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Shanghai Gaoxin is Shanghai Gaoxin Private Fund Management Co., Ltd. (上海高信私募基金管理有限公司) (“**Shanghai Gaoxin Management**”) holding a 27.27% partnership interest, which is owned as to 45% by Cao Bin (曹斌), an Independent Third Party. None of the remaining shareholders of Shanghai Gaoxin Management holds more than 30% partnership interest. As of the Latest Practicable Date, all eight limited partners of Shanghai Gaoxin are Independent Third Parties. Beihai Puzhan Investment Partnership (Limited Partnership) (北海璞湛投資合夥企業(有限合夥)) (“**Beijing Puzhan**”), being the largest limited partner of Shanghai Gaoxin, holds 45.45% partnership interest. Beijing Puzhan is managed by its general partner Shanghai Gaoxin Management holding a 0.25% partnership interest. The largest limited partner of Beijing Puzhan is Luzhou Puxin Equity Investment Fund Partnership (Limited Partnership) (瀘州璞信股權投資基金合夥企業(有限合夥)), which is ultimately controlled by Luzhou Municipal State-owned Assets Supervision and Administration Commission (瀘州市國有資產監督管理委員會), a PRC Governmental Body as defined under the Listing Rules. None of the remaining limited partners of Shanghai Gaoxin holds more than 30% partnership interest.

Wanlian Entities

Wanlian Guangsheng is a limited liability company established in the PRC and primarily engaged in equity investment activities. As of the Latest Practicable Date, Wanlian Guangsheng was owned as to 100% by Wanlian Securities Co., Ltd. (萬聯證券股份有限公司) (“**Wanlian Securities**”), which is ultimately controlled by the People’s Government of Guangzhou Municipality, a PRC Governmental Body as defined under the Listing Rules.

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Guangzhou Tianze is a limited partnership established in the PRC and is engaged in equity investment activities. The general partner of Guangzhou Tianze is Wanlian Tianze Capital Investment Co., Ltd. (萬聯天澤資本投資有限公司) holding a 20% partnership interest, which is ultimately controlled by the People’s Government of Guangzhou Municipality. As of the Latest Practicable Date, all 19 limited partners of Guangzhou Tianze are Independent Third Parties. None of the limited partners holds more than 30% partnership interest.

Guizhou Tianxiang

Guizhou Tianxiang is a limited partnership established in the PRC and is engaged in business services. The general partner of Guizhou Tianxiang is Ji Weijia (季維嘉), the director of Xintian Pharmaceutical, who holds a 6.18% partnership interest. As of the Latest Practicable Date, Guizhou Tianxiang had 43 limited partners, save for Zhang Yuhu (our executive Director) holding 1.36% partnership interest, Wang Jinhua (the vice chairman and deputy general manager of Xintian Pharmaceutical) holding 2.72% partnership interest, Zeng Zhihui (曾志輝) (the head of finance of Xintian Pharmaceutical) holding 2.72% partnership interest, six former employees of our Group collectively holding approximately 8.62% of the partnership interest, and 29 employees (including 10 former employees and 19 current employees) of Xintian Pharmaceutical collectively holding approximately 78.82% of the partnership interest, the remaining five limited partners are Independent Third Parties. None of the limited partners holds more than 30% partnership interest.

Beijing Jiacheng

Beijing Jiacheng is a limited liability company established in the PRC and primarily engaged in pharmaceutical manufacturing. As of the Latest Practicable Date, Beijing Jiacheng was owned as to 80% by Yang Lixin (楊立新) and 20% by Yang Jun (楊軍), all of which are Independent Third Parties.

Individual Investors

Set out below is certain information with respect to our individual investors. These individual investors include:

- (i) persons who are relatives of Mr. Dong, including Ms. Wang (the spouse of Mr. Dong), Dong Zhu (董竹) (the son of Mr. Dong), Dong Ye (董曄) (the nephew of Mr. Dong), Dong Wei (董偉) (the nephew of Mr. Dong), Yuan Ye (袁野) (the brother-in-law of Mr. Dong), Wang Wenyi (王文意) (the brother-in-law of Mr. Dong and the director of Xintian Pharmaceutical), Dong Youxun (董有迅) (the nephew of Mr. Dong), Dong Dahua (董大華) (the brother of Mr. Dong), Yuan Zhenzi (袁真子) (the niece of Mr. Dong), Dong Chang (董暢) (the granddaughter of Mr. Dong’s brother), Li Wanlan (李婉蘭) (the niece of Mr. Dong), Dong Youquan (董友權) (the nephew of Mr. Dong), Dong Daheng (董大恒) (the brother of Mr. Dong), Lin Xiaohong (林小紅) (the sister-in-law of the nephew of Mr. Dong), and Zhang Liu (張柳) (the spouse of the nephew of Mr. Dong), Zhang Yuying (張鈺瑩) (the relative of the nephew of Mr. Dong), Han Xianhong (韓先紅) (the relative of the nephew of Mr. Dong);
- (ii) our senior management members and employees, including Dr. Qin Jihong (our executive Director and general manager), Li Wenhua (李文華) (our deputy general manager), Wang Ting (王汀), Feng Yanfang (馮艷芳), Xiao Taosheng (肖逃生) (each an employee of our Group); and

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- (iii) other individual investors who are Independent Third Parties, including Wang Guangping (王光平) (the director, deputy general manager and board secretary of Xintian Pharmaceutical), Wang Jinhua (王金華) (the vice chairman and deputy general manager of Xintian Pharmaceutical), Ji Weijia (季維嘉) (the director of Xintian Pharmaceutical), Chen Juerong (陳珏蓉), Tang Rong (唐蓉), Sun Guoming (孫國明), Lin Caifeng (林彩鳳), Dong Jing (董靜), Tang Yuhai (湯聿海), Wu Minxuan (吳旻宣), Shen Zhengwu (沈征武), Qian Jingjing (錢金晶), Liu Peng (劉鵬), Zhong Yutong (鍾雨桐), Tang Li (唐黎), Li Huigui (李輝貴), Zhong Aijia (鍾艾珈), Zhong Aike (鍾艾珂), Cheng Xuexiang (程雪翔), Zhang Jing (張敬), Tian Changxia (田昌霞), Lu Yali (陸雅莉), Tang Deping (湯德平), Zhao Wenjie (趙文劫), Deng Guoping (鄧國平), Li Jing (李靜), Zheng Huimin (鄭會敏), Yao Zhuoying (姚卓英), Wang Chunhua (王春華), Ding Junyan (丁俊彥), Ding Lieyi (丁列一), Tang Yue (唐越), Shen Yu (沈瑜), Xu Xiuzhen (許秀珍), Nie Huibin (聶慧斌), Long Xianqi (龍賢齊), Tang Dujun (唐度君) and Weng Zhuhao (翁朱昊).

To the best knowledge of our Directors, except as disclosed, none of the Pre-[REDACTED] Investors has any family or other relationship with the Directors, senior management or Controlling Shareholders.

SPECIAL RIGHTS OF THE PRE-[REDACTED] INVESTORS

Certain Pre-[REDACTED] Investors have been granted certain special rights in relation to our Company, including, among others, repurchase and redemption rights, pre-emptive rights, tag-along rights, anti-dilution rights, rights of first refusal, director appointment right, and information and inspection rights. In accordance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange, all these special rights have either been terminated prior to the first filing of the [REDACTED] by our Company with the Stock Exchange (the “[REDACTED]”) or will be terminated before or upon the [REDACTED].

In January 2023, the repurchase and redemption rights granted by our Company were terminated and were of no effect thereafter, and could not be reinstated. See Note 25 to the Accountant’s Report’ as Appendix I to this document.

The repurchase and redemption rights provided by one of our Controlling Shareholders, Mr. Dong, were terminated one calendar day before the date of the [REDACTED] to the Stock Exchange, and would only be reinstated upon our Company’s voluntary withdrawal of the [REDACTED], the rejection or return of the [REDACTED] by the Stock Exchange or any other event that causes the Company to fail to consummate the [REDACTED], or the [REDACTED] not being consummated within eighteen (18) months after the submission of the [REDACTED] to the Stock Exchange.

COMPLIANCE WITH GUIDE FOR NEW LISTING APPLICANTS

On the bases that (i) the consideration for the Pre-[REDACTED] Investments was irrevocably settled more than 28 clear days before the date of our first submission of the [REDACTED] application to the Stock Exchange; and (ii) no special rights of our Pre-[REDACTED] Investors will exist after the [REDACTED], the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PUBLIC FLOAT AND FREE FLOAT

(i) 231,740,146 H Shares to be converted from Unlisted Shares held by our Controlling Shareholders, namely, Mr. Dong, Dong Zhu, Ms. Wang, Yuyi Enterprise Management, Feihe Enterprise Management, Yunbai Enterprise Management, Shanghai Xintian, and Xintian Pharmaceutical, will not be considered as part of the public float as the aforesaid Shareholders are core connected persons of our Group, (ii) 14,180,851 H Shares to be converted from Unlisted Shares held by Dr. Qin Jihong Li Wenhua, and Dong Ye will not be considered as part of the public float as the aforesaid Shareholders are the Directors of our Company or of our subsidiaries and thus core connected persons of our Group, (iii) 10,847,460 H Shares to be converted from Unlisted Shares

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held by Guizhou Siruide, Shanghai Huiqianna and Guizhou Tianxiang will not be regarded as part of the public float, as one limited partner of Guizhou Tianxiang and certain limited partners of Guizhou Siruide or Shanghai Huiqianna are core connected persons of our Group.

To the best of our Directors’ knowledge, information and belief and having made all reasonable inquiries, save as disclosed above, none of the existing Shareholders (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to taking instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them. Therefore, the [146,861,881] H Shares to be converted from the Unlisted Shares held by the other existing Shareholders will be treated as part of the public float of our Company following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) for the purpose of Rule 19A.13A of the Listing Rules.

Upon [REDACTED], our Company will satisfy the public float requirement under Rule 19A.13A(1) of the Listing Rules, which states that, in the event the expected market value of the Company’s H Shares upon [REDACTED] does not exceed [REDACTED], the minimum number of H shares held by the public at the time of [REDACTED] as a percentage of the total number of shares in the class to which H share belong should be [REDACTED]. This calculation assumes that (i) [REDACTED] H Shares are allotted and issued in the [REDACTED], (ii) the [REDACTED] is not exercised, (iii) [REDACTED] Unlisted Shares held by our existing Shareholders are converted into H Shares, and (v) [REDACTED] H Shares are in issue upon completion of the [REDACTED]. Based on these assumptions, [REDACTED] H Shares, equivalent to [REDACTED]% of the total number of issued Shares of our Company, will be counted towards the public float upon [REDACTED], which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules, representing [REDACTED] of H Shares to be held in public hands.

At the time of [REDACTED], our Company is expected to satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules, with sufficient H Shares held by the public and available for [REDACTED].

MAJOR ACQUISITIONS AND DISPOSALS

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any acquisitions, mergers or disposals that we consider to be material to us.

PROPOSED LISTING ATTEMPT

On August 22, 2022, we entered into a tutoring agreement with China Securities Co., Ltd. (中信建投證券股份有限公司) (“**China Securities**”) in connection with the proposed A-share listing (the “**First A-Share Listing Plan**”) and made a preliminary filing (上市輔導備案) with the Shanghai Regulatory Bureau of the CSRC (中國證券監督管理委員會上海監管局). After careful evaluation of our strategic needs and following extensive market research, we determined that engaging a sponsor with deeper pharmaceutical sector expertise would better serve our A-share listing objectives. Accordingly, in December 2022, we mutually agreed with China Securities to terminate the tutoring agreement. In January 2023, following a comprehensive selection process, we then entered into a tutoring agreement with Haitong Securities Co., Ltd. (海通證券股份有限公司) (the “**Haitong Securities**”) in connection with the proposed A-share listing (the “**Second A-Share Listing Plan**” together with the First A-Share Listing Plan, the “**Previous Listing Plans**”).

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During the A-share listing tutoring period, in March 2024, Xintian Pharmaceutical publicly announced a proposed acquisition of approximately 85.12% equity interest in our Company from our then existing shareholders by way of share swap (the “**Proposed Acquisition**”), upon completion of which, we would become a wholly-owned subsidiary of Xintian Pharmaceutical. The Proposed Acquisition represented a strategic reorganization within the broader pharmaceutical group controlled by Mr. Dong, aiming to (i) establish a dual-platform strategy combining traditional Chinese medicine with innovative chemical pharmaceuticals; (ii) leverage Xintian Pharmaceutical’s established A-share listing platform for accelerated capital market access; and (iii) create operational synergies and enhance research and development capabilities. In July 2024, Xintian Pharmaceutical announced the termination of the Proposed Acquisition as the parties in such transaction were unable to reach consensus on key commercial terms with certain minority shareholders of our Company. Following the termination of the Proposed Acquisition, our Company has continued to operate independently with solid business momentum. No disagreements or disputes have arisen between any shareholder in connection with the Proposed Acquisition or its termination.

To the best of their knowledge, our Directors confirm that they are not aware of (i) any other matters relating to the Previous Listing Plans and Proposed Acquisition that may have material adverse implications on our Group’s suitability for [REDACTED] on the Stock Exchange; or (ii) any other matters that need to be brought to the attention of the Stock Exchange, our Shareholders or the potential investors in relation to the Previous Listing Plans and Proposed Acquisition. Our Directors also confirm that (i) no formal listing application was filed in relation to the Previous Listing Plans and no definitive agreement was reached in relation to the Proposed Acquisition as of the Latest Practicable Date, and (ii) during the preparation for the Previous Listing Plans and Proposed Acquisition, we did not encounter any disagreements with the relevant professional parties, any stock exchanges nor the CSRC.

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view above.

REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

Our Directors believe that the [REDACTED] on the Stock Exchange will be in the interest of our Group’s business development strategies, and would be beneficial to us and our Shareholders as a whole for, among others, the following reasons: (i) the Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, enhance our fundraising capabilities and broaden our fundraising channels and our Shareholders base as well as strengthen our corporate governance; (ii) the [REDACTED] would give us a better platform to further develop our business; and (iii) the [REDACTED] will further raise our business profile and thus, enhance our corporate image to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group’s business.

Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the Stock Exchange to be a more suitable venue to access international equity markets, and the [REDACTED] will be in the best interests of us and our Shareholders as a whole.

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OUR CAPITALIZATION

The below table is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised):

Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] ⁽¹⁾	
	Number of Unlisted Shares	% as to the total issued share capital of our Company	Number of Shares ⁽¹⁾ H Shares	% as to the total issued share capital of our Company ⁽²⁾
Mr. Dong ⁽³⁾	109,157,186	27.0425%	[REDACTED]	[REDACTED]%
Xintian Pharmaceutical ⁽³⁾	62,390,850	15.4567%	[REDACTED]	[REDACTED]%
Dong Zhu ⁽³⁾	37,214,677	9.2195%	[REDACTED]	[REDACTED]%
Incentive Platforms				
Shanghai Huiqianna	6,692,335	1.6580%	[REDACTED]	[REDACTED]%
Yuyi Enterprise Management ⁽³⁾	5,200,000	1.2882%	[REDACTED]	[REDACTED]%
Feihe Enterprise Management ⁽³⁾	3,925,000	0.9724%	[REDACTED]	[REDACTED]%
Yunbai Enterprise Management ⁽³⁾	3,250,000	0.8052%	[REDACTED]	[REDACTED]%
Guizhou Siruide	2,313,876	0.5732%	[REDACTED]	[REDACTED]%
Guiyang Entities⁽⁴⁾				
Guiyang Biopharmaceutical Industry Capital	14,062,500	3.4838%	[REDACTED]	[REDACTED]%
Guiyang Guidance Fund	7,189,866	1.7812%	[REDACTED]	[REDACTED]%
Guiyang SME Development Fund	4,849,630	1.2014%	[REDACTED]	[REDACTED]%
Tianzi Entities⁽⁴⁾				
Qingdao Tianzi	14,705,883	3.6432%	[REDACTED]	[REDACTED]%
Yantai Tianzi	4,352,941	1.0784%	[REDACTED]	[REDACTED]%
Guizhou Entities⁽⁴⁾				
Guizhou Industrialization Development Fund	11,944,007	2.9590%	[REDACTED]	[REDACTED]%
Guizhou Jinchuan Fund	2,500,438	0.6195%	[REDACTED]	[REDACTED]%
Hainan Zhongtai ⁽⁴⁾	12,045,518	2.9841%	[REDACTED]	[REDACTED]%
Ms. Wang ⁽³⁾	10,602,433	2.6266%	[REDACTED]	[REDACTED]%
Jinhui Feng Entities⁽⁴⁾				
Hainan Jinhui Feng	8,202,463	2.0321%	[REDACTED]	[REDACTED]%
Jinhui Feng Xinyue	2,173,913	0.5386%	[REDACTED]	[REDACTED]%
Beijing Jinhui Feng Investment	1,764,706	0.4372%	[REDACTED]	[REDACTED]%
Shanghai Zhuoying	1,496,800	0.3708%	[REDACTED]	[REDACTED]%
Beijing Splendi	1,371,440	0.3398%	[REDACTED]	[REDACTED]%
Rongjianda VC ⁽⁴⁾	6,521,740	1.6157%	[REDACTED]	[REDACTED]%
Pingyang Puyi ⁽⁴⁾	6,466,175	1.6019%	[REDACTED]	[REDACTED]%
Kangcheng Entities⁽⁴⁾				
Zhuhai Kangcheng VIII	5,882,353	1.4573%	[REDACTED]	[REDACTED]%
Zhuhai Kangcheng VI	1,470,588	0.3643%	[REDACTED]	[REDACTED]%
Jiaxing Huayu ⁽⁴⁾	5,605,545	1.3887%	[REDACTED]	[REDACTED]%
Shuangfu Hotel ⁽⁴⁾	4,240,973	1.0507%	[REDACTED]	[REDACTED]%
Shanghai Gaoxin ⁽⁴⁾	3,088,235	0.7651%	[REDACTED]	[REDACTED]%

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Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] ⁽¹⁾	
	Number of Unlisted Shares	% as to the total issued share capital of our Company	Number of Shares ⁽¹⁾ H Shares	% as to the total issued share capital of our Company ⁽²⁾
<i>Wanlian Entities⁽⁴⁾</i>				
Wanlian Guangsheng	2,941,178	0.7286%	[REDACTED]	[REDACTED]%
Guangzhou Tianze	1,382,353	0.3425%	[REDACTED]	[REDACTED]%
Guizhou Tianxiang ⁽⁴⁾	1,841,249	0.4561%	[REDACTED]	[REDACTED]%
<i>Individual Investors⁽⁵⁾</i>				
Dr. Qin Jihong	10,811,273	2.6784%	[REDACTED]	[REDACTED]%
Dong Ye	3,177,490	0.7872%	[REDACTED]	[REDACTED]%
Liu Peng	2,619,670	0.6490%	[REDACTED]	[REDACTED]%
Wang Jinhua	1,821,390	0.4512%	[REDACTED]	[REDACTED]%
Zhong Yutong	1,250,000	0.3097%	[REDACTED]	[REDACTED]%
Dong Wei	1,205,633	0.2987%	[REDACTED]	[REDACTED]%
Tang Li	1,125,000	0.2787%	[REDACTED]	[REDACTED]%
Yuan Ye	1,032,110	0.2557%	[REDACTED]	[REDACTED]%
Li Huigui	1,000,000	0.2477%	[REDACTED]	[REDACTED]%
Wang Guangping	856,733	0.2122%	[REDACTED]	[REDACTED]%
Zhong Aijia	812,500	0.2013%	[REDACTED]	[REDACTED]%
Zhong Aike	812,500	0.2013%	[REDACTED]	[REDACTED]%
Beijing Jiacheng	636,148	0.1576%	[REDACTED]	[REDACTED]%
Cheng Xuexiang	636,148	0.1576%	[REDACTED]	[REDACTED]%
Zhang Jing	625,000	0.1548%	[REDACTED]	[REDACTED]%
Tian Changxia	600,000	0.1486%	[REDACTED]	[REDACTED]%
Wang Wenyi	575,000	0.1425%	[REDACTED]	[REDACTED]%
Lu Yali	573,395	0.1421%	[REDACTED]	[REDACTED]%
Dong Jing	525,000	0.1301%	[REDACTED]	[REDACTED]%
Qian Jinjing	424,705	0.1052%	[REDACTED]	[REDACTED]%
Tang Deping	424,705	0.1052%	[REDACTED]	[REDACTED]%
Dong Youxun	392,500	0.0972%	[REDACTED]	[REDACTED]%
Lin Xiaohong	375,000	0.0929%	[REDACTED]	[REDACTED]%
Zhao Wenjie	318,075	0.0788%	[REDACTED]	[REDACTED]%
Tang Yuhai	307,340	0.0761%	[REDACTED]	[REDACTED]%
Dong Dahua	300,000	0.0743%	[REDACTED]	[REDACTED]%
Yuan Zhenzi	282,070	0.0699%	[REDACTED]	[REDACTED]%
Dong Chang	251,807	0.0624%	[REDACTED]	[REDACTED]%
Deng Guoping	250,000	0.0619%	[REDACTED]	[REDACTED]%
Li Wanlan	250,000	0.0619%	[REDACTED]	[REDACTED]%
Li Wenhua	192,088	0.0476%	[REDACTED]	[REDACTED]%
Li Jing	182,277	0.0452%	[REDACTED]	[REDACTED]%
Chen Juerong	175,000	0.0434%	[REDACTED]	[REDACTED]%
Zheng Huiming	173,256	0.0429%	[REDACTED]	[REDACTED]%
Yao Zhuoying	169,640	0.0420%	[REDACTED]	[REDACTED]%
Sun Guoming	150,000	0.0372%	[REDACTED]	[REDACTED]%
Wang Chunhua	150,000	0.0372%	[REDACTED]	[REDACTED]%
Ji Weijia	143,348	0.0355%	[REDACTED]	[REDACTED]%
Wu Minxuan	143,348	0.0355%	[REDACTED]	[REDACTED]%
Ding Junyan	125,000	0.0310%	[REDACTED]	[REDACTED]%
Ding Lieyi	125,000	0.0310%	[REDACTED]	[REDACTED]%
Wang Ting	125,000	0.0310%	[REDACTED]	[REDACTED]%
Feng Yanfang	125,000	0.0310%	[REDACTED]	[REDACTED]%
Tang Yue	75,000	0.0186%	[REDACTED]	[REDACTED]%
Zhang Liu	66,250	0.0164%	[REDACTED]	[REDACTED]%
Dong Youquan	61,500	0.0152%	[REDACTED]	[REDACTED]%
Shen Zhenwu	57,340	0.0142%	[REDACTED]	[REDACTED]%
Shen Yu	50,000	0.0124%	[REDACTED]	[REDACTED]%

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HISTORY AND CORPORATE STRUCTURE

Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] ⁽¹⁾	
	Number of Unlisted Shares	% as to the total issued share capital of our Company	Number of Shares ⁽¹⁾ H Shares	% as to the total issued share capital of our Company ⁽²⁾
Xu Xiuzhen	50,000	0.0124%	[REDACTED]	[REDACTED]%
Nie Huibin	42,500	0.0105%	[REDACTED]	[REDACTED]%
Zhang Yuying	25,000	0.0062%	[REDACTED]	[REDACTED]%
Dong Daheng	25,000	0.0062%	[REDACTED]	[REDACTED]%
Long Xianqi	25,000	0.0062%	[REDACTED]	[REDACTED]%
Tang Rong	18,750	0.0046%	[REDACTED]	[REDACTED]%
Xiao Taosheng	18,750	0.0046%	[REDACTED]	[REDACTED]%
Tang Dujun	18,228	0.0045%	[REDACTED]	[REDACTED]%
Han Xianhong	12,500	0.0031%	[REDACTED]	[REDACTED]%
Lin Caifeng	5,000	0.0012%	[REDACTED]	[REDACTED]%
Weng Zhuhao ⁽⁶⁾	2,500	0.0006%	[REDACTED]	[REDACTED]%
<i>[REDACTED] from the [REDACTED]</i>	—	—	[REDACTED]	[REDACTED]%
Total	403,650,318	100.00%	[REDACTED]	100.0000%

Notes:

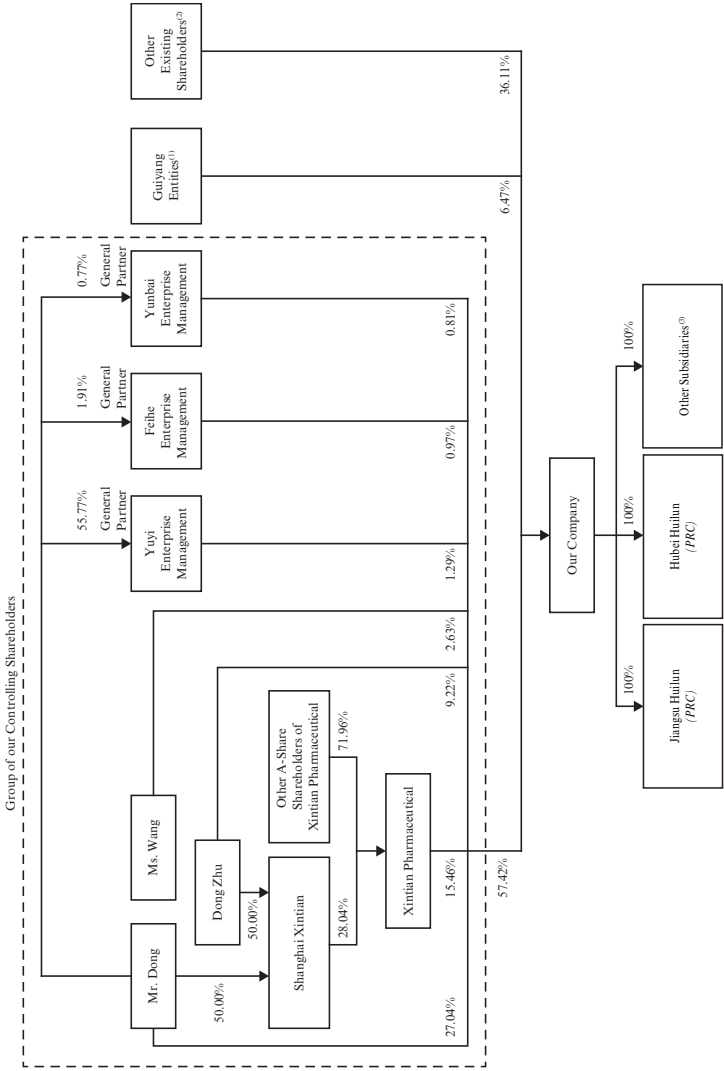
- (1) Following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares, [REDACTED] of the [REDACTED] Unlisted Shares held by [REDACTED] existing Shareholders will be converted into H Shares on a one-for-one basis and [REDACTED] on the Stock Exchange for trading upon [REDACTED]. For details, see “Share Capital-Conversion of Unlisted Shares into H Shares.”
- (2) The percentage figures included in this table have been subject to rounding adjustments. Therefore, figure shown as total may not be an arithmetic aggregation of the figures above.
- (3) For details, please refer to “Relationship with our Controlling Shareholders” in this document.
- (4) For details, please refer to “— Information about Our Pre-[REDACTED] Investors” above.
- (5) For details, please refer to “— Information about Our Pre-[REDACTED] Investors — Individual Investors” above.
- (6) Weng Zhuhao is the successor to Zhu Meichen, a Series A+ Financing Investor.

HISTORY AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED]

The following chart sets forth our corporate and shareholding structure of our Group as of the Latest Practicable Date:



Notes:

- (1) Guiyang Entities include (i) Guiyang Biopharmaceutical Industry Capital, (ii) Guiyang Guidance Fund, and (iii) Guiyang SME Development Fund.
- (2) None of these existing Shareholders holds more than 5% shareholding in our Company. See “— Capitalization” for interest of our other existing Shareholders in our Company and “— Information on the Pre-[REDACTED] Investors” for the background of the Pre-[REDACTED] Investors.
- (3) As of the Latest Practicable Date, our other subsidiaries comprised an aggregate of 10 subsidiaries, all of which are wholly controlled by our Company and none of which made a material contribution to our results of operations during the Track Record Period.

HISTORY AND CORPORATE STRUCTURE

The following chart sets forth our corporate and shareholding structure of our Group immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised:



BUSINESS

OVERVIEW

We are a pharmaceutical company with an established track record in drug development and commercialization. Through years of continuous effort, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization. Drawing on this foundation, we are actively expanding our capabilities with a strategic focus on innovative drugs targeting major diseases and critical illnesses.

Since our establishment, we have concentrated our R&D efforts in key therapeutic areas including immunology and inflammation, pain management, oncology, and other chronic conditions. Our expertise in disease biology has enabled us to advance four Category I innovative drugs and three Category II modified new drugs into clinical trials. Meanwhile, we have successfully commercialized more than ten drug products in China, including: Xiweina (希为纳[®]), the only domestically developed sivelestat sodium approved in China; Zuoyu (佐愈[®]), China’s first domestically developed Category II levofolinic acid; and two first-to-market generic drugs in China, including Dinuoan (蒂诺安[®], dienogest tablets) and Qianweitai (前卫泰[®], silodosin capsules). We remain committed to developing safe, effective and economically accessible therapies that deliver high clinical value.

Since our inception in 2004, we have established our proprietary technology platforms, integrated manufacturing systems, and a comprehensive sales network — creating a foundation for the R&D and commercialization of innovative drugs. Since 2018, we have gradually recalibrated our strategic focus toward innovative drug development. We currently pursue an innovation-centric business model that drives our long-term growth. Meanwhile, we leverage our marketed products to provide revenue streams, mitigate inherent risks of novel drug development. This balanced approach brings sustainable funding for our R&D initiatives while maintaining commercial resilience as we advance our innovation strategy.

As of the Latest Practicable Date, we had successfully launched over ten drug products. Meanwhile, we are developing multiple drug candidates targeting unmet clinical needs across our focus therapeutic areas.

Our Marketed Products

The following table sets forth the key information of our key marketed products as of the Latest Practicable Date.

BUSINESS

Therapeutic Areas	Brand Name	Drug Name	Registration Category	Included in NRDL	Included in YBP	Indication	Approval Date	Description
Immunology and inflammation	Xiweina 希为纳® 	Sivelestat sodium for injection	Category III	No	No	acute lung injury/acute respiratory distress syndrome (“ALI/ARDS”)	March 2020	Sivelestat sodium is currently the only approved drug globally indicated for SIRS-associated ALI/ARDS. As the first and only domestically developed sivelestat sodium in China, Xiweina offers an important treatment option in the pharmacological management of ALI/ARDS.
Oncology	Zuoyu 佐愈® 	Levofolinate acid for injection	Category II	No	No	metastatic colorectal cancer (“mCRC”) in combination with 5-fluorouracil, rescue after high-dose methotrexate administration, reduction of toxicity caused by excessive use of folate antagonists or impaired elimination of methotrexate	June 2021	Zuoyu is China’s first domestically developed Category II levofolinate acid with dominant market share (>90%) in the sodium levofolinate market.
	Pirui 匹瑞® 	Temozolomide for injection	Category III	Yes, Part B	Yes	Glioblastoma multiforme, anaplastic astrocytoma	September 2021	Temozolomide is recommended as a first-line treatment for glioblastoma and anaplastic astrocytoma. Pirui is formulated without polysorbate 80, an excipient used in the originator drug, potentially reducing the risk of hemolysis and enhancing convenience for clinical use.
	Weidagan 卫达甘® 	Azacitidine for injection	Category IV	Yes, Part B	Yes	Myelodysplastic syndromes (“MDS”), chronic myelomonocytic leukemia, (“CMML”), acute myeloid leukemia (“AML”)	June 2021	Azacitidine is a hypomethylating agent used as first-line therapy for MDS, CMML, AML. Weidagan’s optimized manufacturing process minimizes impurities and degradation products while extending shelf life to 36 months.
Other chronic conditions	Kangnairui 康迈瑞® 	Ticagrelor tablets	Category IV	Yes, Part B	Yes	acute coronary syndrome (“ACS”), atherothrombosis	September 2019 (90mg), July 2020 (60mg)	Ticagrelor is the only direct-acting P2Y ₁₂ inhibitor that has been approved in China, earning first-line recommendation in leading ACS guidelines, both domestically and internationally.

BUSINESS

Therapeutic Areas	Brand Name	Drug Name	Registration Category	Included in NRDL	Included in YBP	Indication	Approval Date	Description
		Rivaroxaban tablets	Category IV	Yes, Part B	Yes	Venous thromboembolism (“VTE”), deep vein thrombosis (“DVT”), pulmonary thromboembolism (“PTE”)	December 2020	Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of VTE. Rivaroxaban tablets are the world's first oral direct Factor Xa inhibitor and among the preferred anticoagulants recommended by both domestic and international clinical guidelines.
		Dienogest tablets	Category IV	Yes, Part B	No	Endometriosis	June 2021	Dinuo'an is the first domestic generic dienogest tablet to achieve commercialization in China. Dienogest has received first-line recommendation in both domestic and international clinical guidelines.
		Avanafil tablets*	Category III	No	No	Erectile dysfunction	May 2021	Xiaoxiong is the first domestic generic avanafil tablet to achieve commercialization in China. Avanafil is recommended as first-line therapy for erectile dysfunction by European Association of Urology guidelines.
		Sildenafil capsules	Category IV	Yes, Part B	Yes	Benign prostatic hyperplasia (“BPH”)	July 2021	Qianweitai is the first generic sildenafil approved in China. Sildenafil is a new-generation ultra-selective α 1A-adrenoceptor antagonist, recommended as first-line therapy for BPH/LUTS by domestic and international guidelines.
		Empagliflozin and metformin hydrochloride sustained-release tablets	Category III	No	No	Type 2 diabetes mellitus	February 2025	Enketang is the second domestically approved fixed-dose combination sustained-release formulation combining empagliflozin and metformin.

* *Note:* Besides avanafil tablets, we have also commercialized two Category IV drugs, namely sildenafil citrate tablets and tadalafil tablets, under the brand name of Xiaoxiong.

BUSINESS

Our key marketed products include:

Xiweina 希为纳® (Sivelestat Sodium for Injection)

Sivelestat sodium is currently the only approved drug globally indicated for systemic inflammatory response syndrome (“SIRS”)-associated acute lung injury (“ALI”)/acute respiratory distress syndrome (“ARDS”). As the first and only domestically developed sivelestat sodium in China according to Frost & Sullivan, Xiweina addresses a critical unmet need in the pharmacological management of ALI/ARDS, offering a treatment option for patients with severe respiratory conditions. We obtained marketing approval for Xiweina as a Category III chemical drug through the NMPA’s priority review pathway in March 2020.

Sivelestat sodium has received recommendations from multiple authoritative domestic and international guidelines and expert consensus statements. Clinical evidence demonstrates its multifaceted benefits, including effective improvement of lung injury, enhanced oxygenation index, shortened mechanical ventilation and ICU stay duration, increased patient survival rates, and reduced mortality risk, while maintaining a favorable safety profile and good patient tolerability.

Zuoyu 佐愈® (Levofolinic Acid for Injection)

With 5-Fluorouracil (“5-FU”) remaining a cornerstone chemotherapy for colorectal cancer and other gastrointestinal tumors, levofolinic acid meets the growing demand for safer, more effective chemotherapy enhancers. Zuoyu, as China’s first domestically developed Category II levofolinic acid, is uniquely positioned to capture this opportunity. We obtained marketing approval for Zuoyu from the NMPA in June 2021. With only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan.

Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, which enhances clinical efficiency while improving overall safety. Meanwhile, its patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over the originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life.

Kangmairui 康迈瑞® (Ticagrelor Tablets)

Kangmairui is a generic ticagrelor tablet indicated for patients with acute coronary syndrome (“ACS”) to reduce the incidence of thrombotic cardiovascular events. Ticagrelor, a blockbuster oral antiplatelet agent, is a direct acting, reversibly binding P2Y₁₂ inhibitor. Notably, ticagrelor demonstrates superior efficacy to clopidogrel by significantly reducing cardiovascular mortality in ACS patients receiving background aspirin therapy, earning first-line recommendation in leading ACS guidelines, both domestically and internationally. We obtained marketing approvals for Kangmairui from the NMPA in September 2019 (90mg) and July 2020 (60mg).

Li'erban 利尔班® (Rivaroxaban Tablets)

Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of venous thromboembolism (“VTE”), including deep vein thrombosis (“DVT”) and pulmonary thromboembolism (“PTE”), providing patients with an affordable, high-quality treatment option. Rivaroxaban tablets are the world’s first oral direct Factor Xa inhibitor and among the preferred anticoagulants recommended by both domestic and international clinical guidelines. We obtained marketing approval for Li'erban in China in December 2020.

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Dinuo'an 蒂诺安® (Dienogest Tablets)

Dinuo'an is the first domestic generic dienogest tablet to achieve commercialization in China indicated for endometriosis, according to Frost & Sullivan. Dienogest holds first-line recommendation in both domestic and international clinical guidelines for the treatment of endometriosis and related conditions. We obtained marketing approval for Dinuo'an in China in June 2021.

Our Pipeline

The following chart sets forth the key information of our selected pipeline products as of the Latest Practicable Date, all of which were undergoing clinical trials or preclinical research in China.

	Product Number/ Name	Target/Mechanism of Action	Registration Category	Indications	Pre-clinical	IND Application	Phase I	Phase II	Pivotal/ Phase III	NDA Marketing Approval	Upcoming Milestone
Pain	HL-1186★	Nav1.8	Category I	Moderate-to-severe postoperative acute pain				(1)			Phase IIb trial initiation: 2026Q2
				DPNP							Phase II trial completion: 2027H1
				Osteoarthritis pain							Phase II trial initiation: 2026H2
Immunology and Inflammation	YD0293★	DPP1	Category I	CRSsNP							Phase IIa trial completion: 2026Q2
	H057★	Neutrophil Elastase	Category II	Moderate-to-severe CAP							Phase II trial initiation: 2027H1
				Acute exacerbation of bronchiectasis							Phase II trial completion: 2027H2
	YD0743	Undisclosed	Category I	Sepsis							Phase II trial completion: 2027H2
				PALI							Phase II trial initiation: 2027H1
Other chronic conditions	YD6390	PDE4B	Category I	IBD							Phase I trial completion: 2026Q2
	H077	α 1A-adrenergic receptor	Category II	BPH							Phase III trial completion: 2028H1
	H062	ARNI/ARB/CCB	Category II	Resistant hypertension							Phase III trial completion: 2027H1
	HL-2626	5-HT2A receptor	Category I	MDD/TRD							IND submission: 2026H2
	azisartan and amlodipine tablet	ARB/CCB	Category III	Resistant hypertension							Commercial launch
	dienogest tablet	PGR	Category III	Adenomyosis							Market approval: 2026H2
	relugolix tablet	GnRHR	Category III	Uterine fibroids							ANDA submission: 2026Q2

★ Key Products

Abbreviations: 5-HT2A receptor = 5-hydroxytryptamine receptor 2A; ANDA = Abbreviated New Drug Application; ARB = Angiotensin-Receptor Blocker; ARNI = Angiotensin Receptor Neprilysin Inhibitor; BPH = Benign Prostatic Hyperplasia; CAP = Community-Acquired Pneumonia; CCB = Calcium Channel Blocker; CRSsNP = Chronic Rhinosinusitis without Nasal Polyps; DPNP = Diabetic Peripheral Neuropathic Pain; DPP1 = Dipeptidyl-Peptidase 1; GnRHR = Gonadotropin-Releasing Hormone Receptor; IBD = Inflammatory Bowel Disease; IND = Investigational New Drug; Nav1.8 = Voltage-Gated Sodium Channel 1.8; MDD = Major Depressive Disorder; NDA = New Drug Application; PALI = Postoperative Acute Lung Injury; PDE4B = Phosphodiesterase 4B; PGR = Progesterone Receptor; TRD = Treatment-Resistant Depression

Note:

- (1) For postoperative acute pain, we have completed two clinical trials: (i) a Phase IIa trial in postoperative acute pain in January 2026, and (ii) a Phase IIa trial in acute pain following abdominal surgery in March 2026. We plan to initiate two Phase IIb trials for postoperative acute pain focusing on abdominal and orthopedic surgeries, respectively, in the second quarter of 2026.

BUSINESS

Our key pipeline products include:

HL-1186: Novel Nav1.8 inhibitor to treat acute and chronic pain

HL-1186 is a Category I innovative drug candidate and a highly selective voltage-gated sodium channel 1.8 (“**Nav1.8**”) inhibitor. As a novel non-opioid analgesic, it represents a therapeutic advancement by targeting Nav1.8 — a key pain-signaling channel located predominantly in peripheral nerves and are minimally expressed in the brain — thereby avoiding interference with central nervous system (“**CNS**”) functions or cardiac channels. HL-1186 is China’s first Nav1.8 inhibitor undergoing clinical studies targeting both acute and chronic pain indications, according to Frost & Sullivan.

No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain, demonstrating both the efficacy and broad-spectrum potential of Nav1.8-targeted analgesia. HL-1186 shares structural characteristics with new-generation Nav1.8 inhibitors exemplified by VX-548, while exhibiting superior Nav1.8 inhibitory activity and sodium channel selectivity in preclinical studies across multiple pain models. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

YD0293: Novel clinical-stage DPP1 inhibitor for treating CRS

YD0293, a Category I innovative drug candidate, is currently the only dipeptidyl-peptidase 1 (“**DPP1**”) inhibitor under clinical development for the treatment of chronic rhinosinusitis (without nasal polyps) (“**CRSsNP**”) worldwide, according to Frost & Sullivan. By inhibiting DPP1, YD0293 can potentially reduce neutrophil-mediated chronic inflammation and lung damage. Unlike conventional treatments, DPP1 inhibitors can potentially deliver superior safety due to reduced systemic immunosuppression risks, while maintaining advantages of high target specificity, minimal side effects, and sustained long-term efficacy. Based on the preclinical and clinical trial evidence available to date, DPP1 inhibitors represent a promising therapeutic approach for neutrophil-dominated inflammatory diseases, including chronic rhinosinusitis (“**CRS**”), bronchiectasis, chronic obstructive pulmonary disease (“**COPD**”), and asthma.

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China. *In vitro* studies demonstrate YD0293’s strong inhibitory effect on DPP1 activity with high selectivity, while *in vivo* animal studies support its therapeutic efficacy against CRS, along with good safety and tolerability. Results from YD0293’s Phase I trial in healthy subjects showed YD0293’s favorable Pharmacokinetic (“**PK**”) properties and good drug tolerability in humans.

H057: First and only clinical-stage inhalable sivelestat sodium candidate globally for neutrophil-mediated respiratory disorders

H057 is a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, according to Frost & Sullivan. H057 represents a novel modification of Xiweina, our marketed injectable sivelestat sodium product, featuring an inhalable formulation, precise lung delivery route, and expanded respiratory indications. H057’s targeted inhalation delivery potentially achieves superior drug concentrations in the respiratory tract, while reducing systemic side effects such as neutrophil-mediated organ damage, gastrointestinal reactions and CNS toxicity. H057 strategically extends sivelestat sodium’s therapeutic potential to other neutrophil-mediated respiratory diseases, including bronchiectasis and community-acquired pneumonia (“**CAP**”).

BUSINESS

OUR COMPETITIVE STRENGTHS

We are an innovation-driven pharmaceutical company with market-validated commercialization capabilities.

Guided by clinical needs, we consistently prioritize the therapeutic value and competitive positioning of our products. Through years of development, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization, providing a robust foundation for our growth. To date, we have successfully commercialized more than ten drug products in China, including: Xiweina (希为纳[®]), the only domestically developed sivelestat sodium approved in China; Zuoyu (佐愈[®]), China’s first domestically developed Category II levofolinic acid; and two first-to-market generic drugs in China, including Dinuoan (蒂诺安[®], dienogest tablets) and Qianweитай (前卫泰[®], silodosin capsules). Over the years, our high-value generic products have become a key source of cash flow that funds innovative drug development, while enhancing our integrated capabilities across R&D, manufacturing, talent development, and sales and marketing through their successful commercialization.

During the Track Record Period, our innovative drug pipeline had steadily gained momentum, including four Category I innovative drugs and three Category II modified new drugs currently under clinical development. Our lead pipeline candidate HL-1186 is a Category I innovative drug and highly selective Nav1.8 inhibitor representing a novel non-opioid analgesic approach. HL-1186 is currently among China’s three most advanced Nav1.8 inhibitors for DPNP in terms of clinical progress, according to Frost & Sullivan. In addition to HL-1186, we are also rapidly advancing multiple differentiated drug candidates with significant clinical and commercial value, exemplified by (i) YD0293, a Category I innovative drug candidate and currently the only DPP1 inhibitor under clinical development for the treatment of CRSsNP worldwide, and (ii) H057, a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, representing a novel modification of Xiweina, our marketed injectable sivelestat sodium product.

We have established full-cycle R&D capabilities and proprietary technology platforms underpinned by robust IP protection and talent pool.

Leveraging our synergistic R&D system, we possess the full-cycle capabilities to execute the entire drug development process from drug target screening, drug design and optimization, process and formulation optimization, clinical trials through regulatory filing. Additionally, through continuous R&D and strategic patent positioning, bolstered by our established talent pool, we have forged intellectual property barriers, including 107 issued patents and 109 patent applications as of the Latest Practicable Date. Our R&D team comprised 256 professionals as of December 31, 2025, approximately 45% of whom held master’s or doctoral degrees, providing robust talent support for our innovation initiatives.

We have established four proprietary technology platforms — namely, target screening platform, innovative drug design platform, clinical development platform, and CMC development platform — that encompass all key aspects of drug development. Specifically, our target screening platform systematically evaluates targets based on their biological mechanisms, translational research data, and real-world evidence to select promising candidates with differentiated advantages. Building on this foundation, our innovative drug design platform focuses on therapeutically important small-molecule targets — including G protein-coupled receptors, kinases, and proteases — which regulate critical physiological and pathological processes, enabling the rational design of novel compounds with optimal oral bioavailability and target specificity. Our clinical development technology platform oversees the end-to-end design and execution of clinical trials for innovative

BUSINESS

drugs, incorporating preclinical findings, target mechanisms, and fundamental medical research to optimize trial protocols. Our chemistry, manufacturing and controls (“CMC”) development platform was instrumental to the successful commercialization of marketed products, which is underpinned by several key platform technologies such as API synthesis, solubility enhancement, fixed-dose combination and quality-focused analytical tools.

We possess integrated API-to-drug product manufacturing capabilities, supported by robust production technologies and quality control systems.

We have built an integrated pharmaceutical manufacturing system spanning APIs to finished dosage forms. Our manufacturing infrastructure supports scale-up from clinical-stage production to full commercial operations, a quality management system compliant with international standards which governs the entire manufacturing lifecycle — from drug discovery and raw material qualification through good manufacturing practice (“GMP”) manufacturing, supply chain management, and post-approval safety monitoring.

We currently have one manufacturing site located in Taizhou, Jiangsu equipped with production capabilities covering both APIs and finished dosage forms. Our API facilities feature GMP-compliant production lines for both general and oncology APIs, supporting pilot scale-up through commercial production. For formulations, we have established a solid dosage production facility compliant with GMP standards, with an annual designed capacity capable of supporting all our existing oral-formulation R&D programs from clinical studies through commercial manufacturing. To support our innovative drug development and future commercialization, we are building a new manufacturing site in Zhijiang, Hubei, which is expected to become operational within the next three years.

We demonstrate strong market expansion and commercialization capabilities through operational collaboration across our medical, marketing, and sales functions.

We employ a market-driven drug development strategy that integrates frontline commercial insights into our development decision-making process, creating a closed-loop system between market intelligence and research prioritization. This approach enables continuous identification of clinical needs and the efficient translation of market feedback. Our commercially-informed development model, supported by market analytics and rapid response, positions us to maximize the commercial potential of our product portfolio.

We have established a robust sales and marketing team with over 700 professionals experienced in frontline promotion, who flexibly tailor and implement optimal sales strategies based on product characteristics and clinical applications, driving market penetration and customer coverage. To supplement our in-house sales and marketing capabilities, we also work closely with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products. As of December 31, 2025, we had established an extensive distribution network comprising 278 distributors across 31 provinces, autonomous regions, and municipalities in China. As of the Last Practicable Date, our flagship product Xiweina (sivelestat sodium for injection) had reached over 2,500 healthcare institutions across China, validating our commercialization capabilities.

BUSINESS

Our leadership team combines industry experience and deep therapeutic knowledge to advance our long-term innovation.

Our leadership team brings decades of combined experience in clinical development, manufacturing and commercialization, positioning us for continued market success, pipeline innovation, and strategic growth:

- **Mr. Dong Dalun**, our founder and Chairman, oversees our overall management and strategic development. A veteran of China’s pharmaceutical industry with over 30 years of experience, Mr. Dong brings extensive expertise in strategy formulation, business management, and corporate governance. In 1995, he founded Xintian Pharmaceutical and has since served as its chairman of the board. Under his leadership, Xintian Pharmaceutical modernized and expanded its operations, culminating in a successful A-share [REDACTED] on the Shenzhen Stock Exchange in 2017. Mr. Dong holds a bachelor’s degree in biopharmaceutics from Nanjing College of Pharmacy, now China Pharmaceutical University, and an Executive MBA from China Europe International Business School.
- **Dr. Qin Jihong**, our general manager and co-founder, brings over two decades of extensive experience in pharmaceutical research, development and executive management. His professional achievements have been recognized through numerous honors including Jiangsu Province High-Level Entrepreneurial Talent, Shanghai Outstanding Technology Leader, and Shanghai Leading Talent. Dr. Qin has been granted more than 80 patents. He holds a Ph.D. in organic chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences and an Executive MBA from China Europe International Business School.
- **Dr. Ye Bin**, our deputy general manager overseeing innovative drug R&D, has over 20 years of global experience in innovative drug development. He previously led research teams at MNCs including Bayer HealthCare, Thermo Fisher Scientific, and Hutchison MediPharma, where he spearheaded multiple projects spanning lead compound screening, optimization, clinical development, and business expansion. Dr. Ye played pivotal roles in inventing and developing two approved novel oncology drugs: Elunate[®] (fruquintinib) and Sulanda[®] (surufatinib). With 45 peer-reviewed publications and 50 patents to his credit, Dr. Ye obtained his Ph.D. from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences.
- **Dr. Li Wenhua**, our deputy general manager leading CMC operations and modified new drug development, has over 15 years of pharmaceutical R&D management experience. He has led the successful regulatory approval of 17 drug products and advanced three modified new drugs into clinical studies. Dr. Li has filed more than 80 patent applications worldwide, with over 20 patents granted to date. His achievements have been recognized through the Shanghai Young Science and Technology Talent Program and Shanghai Talent Development Fund. Dr. Li earned his Ph.D. from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences.

Our employees serve as both the foundation for maintaining stable growth amid industry competition and a resource for sustainable advancement. To date, we have built a team of over 1,300 professionals with expertise spanning the pharmaceutical value chain, from drug discovery and clinical development to large-scale manufacturing and commercialization, creating strong synergistic capabilities.

BUSINESS

OUR DEVELOPMENT STRATEGIES

Accelerate the clinical development of our key pipeline products and further enrich our product portfolio

We will continue to rapidly advance our drug candidates and further expand our product portfolio. Specifically, we are implementing the following clinical plans for our key pipeline candidates:

- ***Pain management.*** We are prioritizing the development of HL-1186, our innovative Nav1.8 inhibitor and promising non-opioid analgesic. We are advancing HL-1186 through a multi-indication approach, which allows us to leverage cross-indication data, optimize resource allocation, and accelerate development timelines. As of the Latest Practicable Date, we had completed two Phase IIa trials for HL-1186 for the treatment of postoperative pain and were conducting a Phase II trial for DPNP. We plan to initiate HL-1186’s additional Phase II or Phase IIb trials, including a Phase II trial in osteoarthritis pain, in the second half of 2026.
- ***Immunology and Inflammation.*** We are advancing multiple clinical programs, including (i) YD0293, our innovative DPP1 inhibitor for treating CRS, with a Phase IIa trial initiated in August 2025 for the treatment of CRSsNP and expected to be completed in the second quarter of 2026. We expect to initiate a Phase IIb trial in CRSsNP in the second half of 2026; (ii) H057, our inhalable sivelestat sodium candidate for neutrophil-mediated respiratory disorders, for which we plan to complete Phase II clinical trials in bronchiectasis patients with acute exacerbations in the second half of 2027, and for moderate-to-severe CAP in the first half of 2028; (iii) YD0743, our innovative immunomodulatory agents for sepsis, for which we plan to complete Phase II trial in sepsis patients in the second half of 2027; and (iv) YD6390, our innovative PDE4B inhibitor for inflammatory bowel disease (“**IBD**”), with its Phase I trial in healthy subjects expected to be completed in the second quarter of 2026 and Phase II trial for the treatment of ulcerative colitis expected to be initiated in the second half of 2026.

Our pipeline also includes several innovative drug candidates for other chronic conditions, and preclinical candidates that are expected to enter clinical development in the near future. For programs demonstrating positive results, we intend to actively seek strategic global partnerships to enhance our international commercialization capabilities and maximize the market potential of these assets. Looking forward, we intend to advance at least one drug candidate into clinical trials annually.

Enhance our commercialization capabilities to drive market expansion

We are committed to continuously strengthening our commercialization capabilities. Our approach involves developing tailored go-to-market approaches for each product, optimizing our sales channels in alignment with product development milestones, and solidifying our commercial infrastructure to maximize market penetration. By implementing these measures, we aim to enhance our competitive position for marketed products while enabling rapid uptake of pipeline candidates upon approval.

For our pipeline candidates approaching commercialization, we are conducting market research to optimize launch strategies and build dedicated marketing teams. This proactive preparation facilitates the smooth transition from clinical development to full-scale commercialization for the products. We remain focused on establishing product lifecycle

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management systems, dynamically assessing channel performance, and aligning commercial resources with our evolving product portfolio. We believe these efforts collectively enhance our ability to capture market opportunities across therapeutic areas.

Strengthen our manufacturing capabilities and quality control systems

We plan to further strengthen our manufacturing infrastructure and quality systems. For our strategically important products, we are further investing in our integrated production capabilities from APIs to finished dosage forms, enhancing both operational efficiency and production capacity to deliver stable supply. Simultaneously, we are upgrading our production management system, including incorporating real-time monitoring technologies, deviation management protocols, and continuous process verification to maintain compliance with the stringent international GMP requirements. These enhancements are designed to bring our manufacturing operations in line with global pharmaceutical production standards, while facilitating the commercialization of our pipeline products.

Solidify our talent foundation for sustainable growth

We are committed to strengthening our talent strategy to drive sustainable innovation and long-term growth. With a focus on innovative drug development, we will carry out talent development programs, targeted recruitment of seasoned professionals, and employee-centric retention mechanisms. This comprehensive approach enhances our teams’ diversity and global attributes while establishing a robust talent foundation for our business expansion. Through tailored training systems and career development pathways, we continuously enhance our employees’ professional capabilities and industry expertise. Our objective is to build a high-performing workforce that combines specialized knowledge with broad competencies to address evolving business requirements. Additionally, we have established a structured and competitive compensation and incentive system. This balanced approach is designed to unlock employees’ innovative potential while fostering sustained engagement.

OUR PRODUCTS

We generated revenue primarily from the sales of our marketed products in China during the Track Record Period. The following table sets forth the sales revenue of our key marketed products in terms of revenue contribution in absolute amounts and as percentages of our total revenue for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Xiweina	745,379	75.7	424,049	61.9	370,057	54.0
Zuoyu	23,499	2.4	25,863	3.8	75,635	11.0
Kangmairui	57,459	5.8	70,125	10.2	53,226	7.8
Li’erban.	54,387	5.5	60,751	8.9	43,920	6.4
Dinuo’an	70,972	7.2	72,896	10.6	91,815	13.4
Others ⁽¹⁾	33,152	3.4	31,891	4.6	51,189	7.4
Total	984,848	100.0	685,575	100.0	685,842	100.0

Note:

- (1) Primarily includes revenue from sales of other products, including Weidagan, Xiaoxiong and Qianweitai, as well as certain APIs.

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The following table sets forth the sales volume and average selling price of our key marketed products for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(‘000 units)	RMB/unit	(‘000 units)	RMB/unit	(‘000 units)	RMB/unit
Xiweina	3,795	196.4	2,112	200.8	1,855	199.5
Zuoyu	36	652.8	40	646.6	124	610.0
Kangmairui	102,255	0.6	116,772	0.6	82,273	0.6
Li’erban	62,812	0.9	75,389	0.8	60,326	0.7
Dinuo’an	11,205	6.3	11,400	6.4	14,004	6.6

* The units used for average selling price calculation may encompass multiple specifications for certain products, such as Zuoyu, Kangmairui and Li’erban.

For a detailed discussion on our financial performance during the Track Record Period, see “Financial Information.”

Immunology and Inflammation

Immunology and inflammation represent one of our key strategic focus areas. Our marketed product Xiweina (sivelestat sodium for injection) received marketing approval through the NMPA’s priority review pathway in March 2020 and remains the only domestically developed sivelestat sodium approved to date. Building on the clinical and commercial success of Xiweina, we are developing several pipeline products for immunology and inflammation indications, including YD0293 (DPP1 inhibitor), H057 (inhalable sivelestat sodium), YD0743, and YD6390 (PDE4B inhibitor). Collectively, these drug candidates expand our pipeline coverage into disease areas including CAP, CRS, bronchiectasis, sepsis and IBD.

Marketed Product

Xiweina 希为纳® (Sivelestat Sodium for Injection)

ALI/ARDS constitute a major clinical challenge in intensive care medicine, with substantial morbidity and mortality burden. Characterized by sudden-onset lung inflammation and fluid accumulation, ARDS — the most severe subset of ALI — often leads to impaired oxygen exchange and potentially life-threatening respiratory failure. In China, among critically ill patients hospitalized for over 24 hours, ALI/ARDS incidence is estimated at 27.1%, with the aggregate ICU mortality for ARDS patients reaching approximately 34%, according to Frost & Sullivan. These findings underscore the critical need for effective therapeutic interventions, particularly drugs targeting the underlying inflammatory pathophysiology of ALI/ARDS.

Sivelestat sodium was the only drug approved for SIRS-associated ALI/ARDS globally as of the Latest Practicable Date, with Xiweina being the first and only domestically developed sivelestat sodium approved in China, according to Frost & Sullivan. We obtained marketing approval for Xiweina through the NMPA’s priority review pathway in March 2020.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Xiweina amounted to RMB745.4 million, RMB424.0 million and RMB370.1 million, respectively. Demand for Xiweina typically fluctuates in line with the incidence of respiratory conditions that can lead to ALI/ARDS, the primary indications of sivelestat sodium. In particular, the decrease in

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revenue from the sales of Xiweina in 2024 compared to 2023 primarily reflected a normalization in clinical demand following the surge in severe lung infection cases during the COVID-19 pandemic. For details, see “Financial Information — Period to Period Comparison of Results of Operations.”

As of the Latest Practicable Date, Xiweina had not been included in the NRDL. In addition, as Xiweina is the only approved sivelestat sodium developed domestically, it has not been included in the VBP schemes at the national or provincial levels, as the current market competition is insufficient to meet the tendering criteria. See also “Regulatory Overview — Overview of Laws and Regulations in the PRC — Other Laws and Regulations in Relation to Medical Industry — Coverage of the National Medical Insurance System.”

Highlights of the product include:

- First and only domestically developed sivelestat sodium in China. Sivelestat sodium is the only approved drug globally indicated for SIRS-associated ALI/ARDS. Clinical evidence demonstrates its multifaceted benefits, including effective improvement of lung injury, enhanced oxygenation index, shortened mechanical ventilation and ICU stay duration, increased patient survival rates, and reduced mortality risk, while maintaining a favorable safety profile and good patient tolerability. As the first and currently the only domestically developed sivelestat sodium in China, Xiweina addresses a critical unmet medical need in the market. As of the Latest Practicable Date, there was no other injectable sivelestat sodium in clinical development in China, according to Frost & Sullivan.
- Overcoming clinical challenges in ALI/ARDS drug development. Developing treatments for high-mortality conditions like ALI/ARDS involves inherently substantial challenges, from patient enrollment to trial execution, including deaths of critically ill patients, severe complications like hemorrhage, and complex ICU environments. Xiweina underwent rigorous clinical research prior to receiving approval from the NMPA in March 2020. Its successful development and commercialization exemplify our integrated capabilities to systematically address scientific and medical challenges.
- Broad clinical application potential. Sivelestat sodium has received recommendations from multiple authoritative domestic and international guidelines and expert consensus statements. Beyond ALI/ARDS, sivelestat sodium has demonstrated therapeutic benefits in different clinical settings. By effectively modulating neutrophil-mediated inflammation, sivelestat sodium not only reduces lung injury but also shows potential for protecting other organs from inflammation-induced damage, expanding its therapeutic relevance in critical care. For instance, the “Expert Consensus on the Clinical Application of Sivelestat Sodium” (《西維來司他鈉臨床應用專家共識》) recommends its early integration into standard treatment protocols for severe pneumonia with SIRS, sepsis, and patients undergoing extracorporeal circulation surgery.
- Foundation for formulation innovation, indication expansion and pipeline growth. Building on the clinical and commercial success of Xiweina, we are developing H057 as an optimized inhalable formulation of sivelestat sodium, designed to enhance therapeutic outcomes through targeted lung delivery while maintaining the proven neutrophil elastase-inhibition mechanism and expanding into broader respiratory indications (including bronchiectasis and pneumonia). See “— Our Products — Immunology and Inflammation — Selected Pipeline Products — H057.” The development of Xiweina has also deepened our understanding of the neutrophil activation, which prompted us to develop YD0293, an innovative DPP1 inhibitor for CRS. See “— Our Products — Immunology and Inflammation — Selected Pipeline Products — YD0293.”

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Market Opportunities

ALI/ARDS constitute a major clinical challenge in intensive care medicine, with substantial morbidity and mortality burden. The incidence of ALI/ARDS in China was 614.1 thousand cases in 2024 and is estimated to reach 683.8 thousand in 2035. ARDS constitutes the more severe subset of ALI. The ALI/ARDS drug market in China was estimated at approximately RMB13.4 billion in 2024. Driven by an increasing patient population and China’s policy initiatives to enhance critical care medical infrastructure, the ALI/ARDS drug market is expected to reach RMB24.1 billion in 2035 at a CAGR of 5.5% from 2024 to 2035.

As of the Latest Practicable Date, Xiweina, the first domestically developed sivelestat sodium approved in China, was the only therapy approved for SIRS-associated ALI/ARDS in China, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Acute Lung Injury and Acute Respiratory Distress Syndrome.”

Selected Pipeline Products

YD0293: Novel clinical-stage DPP1 inhibitor for treating CRS

YD0293, a Category I innovative drug candidate, is currently the only DPP1 inhibitor under clinical development for the treatment of CRSsNP worldwide, according to Frost & Sullivan. DPP1 is an enzyme responsible for activating neutrophil serine proteases (“NSPs”). By inhibiting DPP1, YD0293 can potentially reduce neutrophil-mediated chronic inflammation and lung damage.

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China. Results from YD0293’s Phase I trial in healthy subjects showed YD0293’s favorable PK properties and good drug tolerability in humans.

We obtained IND approval from the NMPA in March 2025 to conduct YD0293’s Phase IIa trial for CRSsNP in China. We initiated this Phase IIa trial in August 2025, with trial completion expected in the second quarter of 2026, and plan to initiate a randomized, double-blind, placebo-controlled Phase IIb trial in CRSsNP in the second half of 2026.

Drug Design and Mechanism of Action

DPP1, also known as cathepsin C, is a lysosomal cysteine protease that serves as the primary activator of NSPs, including neutrophil elastase that Xiweina addresses, proteinase 3, and cathepsin G. These enzymes, while essential for pathogen clearance and tissue remodeling in normal physiology, contribute to inflammatory tissue damage when dysregulated. DPP1 is highly expressed in immune cells (such as neutrophils, macrophages, mast cells) and lung tissues, making it an ideal therapeutic target for neutrophil-driven inflammatory disorders such as CRS and bronchiectasis.

YD0293 is a potent and selective small-molecule inhibitor of DPP1 that has demonstrated robust enzymatic inhibition in preclinical studies. DPP1 inhibitors like YD0293 offer a targeted therapeutic approach by specifically inhibiting DPP1 activity to reduce excessive activation of proteases like neutrophil elastase, thereby alleviating airway inflammation, decreasing mucus viscosity, and opening airway passages — ultimately leading to significant symptom relief and reduced acute exacerbations.

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Market Opportunities

In China, CRS is estimated to affect over 100 million people or about 8% of the population. While severely diminishing patients’ quality of life, CRS also consumes substantial medical resources, creating a heavy socioeconomic burden for countries worldwide. The prevalence of CRSsNP in China was 106.8 million cases in 2024 and is estimated to reach 128.9 million in 2035, accounting for 75%~90% of the total CRS cases.

As of the Latest Practicable Date, no innovative DPP1 inhibitors had been approved in China, and YD0293 was the only DPP1 inhibitor candidate specifically targeting CRSsNP worldwide, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Chronic Rhinosinusitis.”

Summary of Clinical Trial Data

We obtained IND approvals from the NMPA in July 2024 and February 2025, pursuant to which we have initiated YD0293’s Phase I clinical trial in healthy subjects and Phase IIa clinical trial in CRS patients, respectively.

Phase I Clinical Trial in Healthy Subjects (CTR20244887; NCT07098091)

This was a Phase I clinical trial to evaluate the safety, tolerability, PK, PD and food effect of YD0293 following single and multiple doses in healthy subjects in China.

Trial design. This trial is divided into single ascending dose (“SAD”) study phase, multiple ascending dose (“MAD”) study phase, and food effect study phase. The SAD study is a single-center, randomized, double-blind, placebo-controlled, single-dose ascending trial. The MAD study is a single-center, randomized, double-blind, placebo-controlled trial.

Trial objectives. The primary objective of this trial is to evaluate the safety and tolerability of YD0293 after single and multiple oral administrations in healthy subjects. The primary endpoints are safety measures including incidence and severity of adverse events (“AEs”) and serious adverse events (“SAEs”), physical examinations, vital signs, clinical laboratory tests (complete blood count, urinalysis, blood biochemistry, coagulation function), and 12-lead electrocardiogram.

Trial progress. This trial was initiated in February 2025 and completed in October 2025.

Safety data. A total of 65 eligible subjects were randomized and 62 subjects dosed. YD0293 was well tolerated by all healthy subjects dosed. No SAEs or AEs of CTCAE grade 3 or higher were reported.

Phase IIa Clinical Trial in CRSsNP Patients (CTR20253465)

This is a single-arm, multicenter study to investigate the efficacy and safety of YD0293 in the treatment of CRSsNP in China.

Trial design. A total of 15 to 30 CRSsNP patients are expected to be enrolled and to receive YD0293 for 12 consecutive weeks of treatment, followed by a four-week safety follow-up.

Trial objectives. The primary objective is to evaluate the efficacy of YD0293 in patients with CRSsNP. The primary endpoints is the change from baseline in Lund-Mackay (LMK) score — a radiological scoring system used to assess the severity of sinus opacification on CT imaging — at Week 12.

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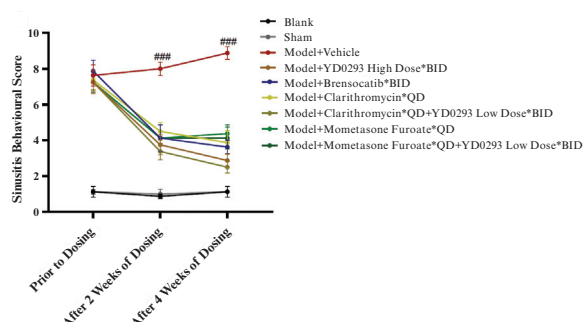
Trial progress. This trial was initiated in August 2025 and is currently ongoing, with 22 patients enrolled as of the Latest Practicable Date.

Summary of Selected Preclinical Data

YD0293 demonstrated potent inhibitory activity against DPP1 in both enzyme and cellular assays, with IC₅₀ values of 3.08 nM and 2.44 nM respectively. Notably, YD0293 exhibited superior inhibitory potency compared to the benchmark DPP1 inhibitor brensocaticib, with the latter showing higher IC₅₀ values of 4.64 nM at the enzyme level and 4.49 nM at the cellular level. These preclinical findings support YD0293’s further development as a DPP1 inhibitor for treating neutrophil-mediated inflammatory conditions.

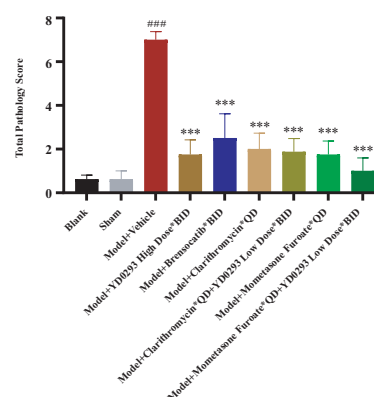
In a rat CRS model, YD0293 significantly reduced sinusitis behavioral symptom scores, improved pathological manifestations of sinusitis, and decreased inflammatory infiltration and ciliary shedding. In terms of overall therapeutic effect, YD0293 at equivalent doses demonstrated comparable efficacy to brensocaticib, with the high-dose treatment showing the best effect superior to the positive control drugs clarithromycin and mometasone furoate nasal spray. Furthermore, low-dose YD0293 used in combination with clarithromycin and mometasone furoate nasal spray demonstrated enhanced therapeutic effect, as illustrated below.

YD0293 improves sinusitis symptom scores in rat CRS model



###P < 0.001 compared to the blank control group; ***P < 0.001 compared to the model + vehicle group.

YD0293 improved histopathological scores in rat nasal mucosa tissues



#P < 0.05, ##P < 0.01, ###P < 0.001 compared to the blank control group; ***P < 0.05, **P < 0.01, *P < 0.001 compared to the model + vehicle group.

H057: First and only clinical-stage inhalable sivelestat sodium candidate globally for neutrophil-mediated respiratory disorders

H057 is a Category II modified new drug candidate and the first and only clinical-stage inhalable sivelestat sodium candidate globally, according to Frost & Sullivan. H057 represents a novel modification of Xiweina, our marketed injectable sivelestat sodium product, featuring an inhalable formulation, precise lung delivery route, and expanded respiratory indications. H057’s targeted inhalation delivery potentially achieves superior drug concentrations in the respiratory tract, while reducing systemic side effects such as neutrophil-mediated organ damage, gastrointestinal reactions and CNS toxicity. H057 strategically extends sivelestat sodium’s therapeutic potential to other neutrophil-mediated respiratory diseases, including bronchiectasis and CAP.

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PK data from our completed Phase I clinical trial in healthy subjects demonstrate that H057 was rapidly absorbed following administration, with over 12-fold less systemic exposure compared to the injectable formulation. This confirms targeted delivery to the respiratory system while significantly reducing systemic drug exposure compared to intravenous administration. All dose groups of H057 showed good safety and tolerability profiles in this Phase I clinical trial.

As of the Latest Practicable Date, we were conducting a Phase II trial for H057 in bronchiectasis patients with acute exacerbations. We plan to initiate a separate Phase II study for H057 in adults with moderate-to-severe CAP in the first half of 2027.

Drug Design and Mechanism of Action

H057 leverages a novel inhalation formulation that combines the established mechanism of Xiweina (sivelestat sodium for injection) with enhanced local efficacy through lung delivery. H057 is specifically designed to address the limitations of intravenous administration: by directly targeting the lungs, it reduces required drug doses and minimizes systemic exposure, thereby lowering the risk of AEs. H057’s nebulized delivery enables convenient administration, flexible dosing schedules, and shorter treatment times — significantly improving patient compliance.

Market Opportunities

Bronchiectasis represents a significant health concern in China due to its high prevalence, chronic respiratory symptoms, frequent exacerbations requiring hospitalization, and progressive lung function decline that impacts patients’ quality of life and healthcare resources. The prevalence of bronchiectasis in China was 26.8 million cases in 2024 and is estimated to reach 35.0 million in 2035. As of the Latest Practicable Date, there was no targeted treatment for bronchiectasis approved in China. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Bronchiectasis.”

CAP is the most common pneumonia type in China. The incidence of CAP in China was 11.8 million cases in 2024 and is estimated to reach 14.4 million in 2035. As of the Latest Practicable Date, all approved CAP drugs in China were antibiotics. As of the same date, H057 was one of the only two small-molecule inhibitors — and the only inhalant — under clinical development in China for the treatment of CAP, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Community-Acquired Pneumonia.”

Summary of Clinical Trial Data

The table below sets forth details of H057’s clinical development plan in China:

		Date of IND approval	Trial phase	Trial status	(Planned) Trial start date	(Planned) Trial completion date
1. . . .	Healthy subjects	July 2023	Phase I	Completed	September 2023	January 2024
2. . . .	Acute exacerbations of bronchiectasis	October 2024	Phase II	Ongoing	July 2025	(2027H2)
3. . . .	Moderate-to-severe CAP	March 2025	Phase II	Planned	(2027H1)	(2028H1)

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Phase I Clinical Trial in Healthy Subjects (CTR20232384)

This was an open-label Phase I clinical study evaluating the safety, tolerability, and PK of H057 following single and multiple ascending doses in healthy subjects, and determining the maximum tolerated dose (“**MTD**”).

Trial design. This trial comprised three H057 dose groups (200/400/600mg/day) receiving single-dose and multiple-dose nebulized administration (9–13 administrations depending on group), with eight subjects per group. The trial included one comparator arm receiving sivelestat sodium for injection (Xiweina[®]; 200mg/day for 9 administrations).

Trial objectives. The primary objective of this trial was to evaluate the safety and tolerability of H057 after single and multiple nebulized inhalation administrations in healthy adult subjects and to explore the MTD. The primary endpoints were safety measures including AEs following single and multiple doses across different dose groups, physical examinations, vital signs, laboratory tests (complete blood count, urinalysis, blood biochemistry, coagulation function), and 12-lead electrocardiograms.

Trial progress. This trial was initiated in September 2023 and completed in January 2024, with a total of 35 healthy subjects enrolled.

Safety data. All dose groups demonstrated favorable safety and tolerability with no SAEs observed, with overall AE rates similar to the Xiweina group and all adverse drug reactions (“**ADRs**”) being mild and reversible, further supporting the favorable safety profile of H057 across tested dose regimens.

PK data. PK analysis showed that H057 was rapidly absorbed following inhalation administration. Compared to the injectable formulation at the same dose level, systemic exposure was significantly reduced (by more than 12-fold). This is consistent with the design rationale for inhalation formulations, which prioritizes lung-targeted delivery while minimizing systemic exposure.

Phase II Clinical Trial in Patients with Acute Exacerbations of Bronchiectasis (CTR20251484; NCT06958861)

This is a multi-center, randomized, double-blind, placebo-controlled Phase II clinical study to evaluate the efficacy, safety, PK and PD profile of H057 in the treatment of acute exacerbations of bronchiectasis in China.

Trial design. A total of 180 patients are expected to be randomized into three treatment groups: a low-dose H057 arm receiving low-dose H057 plus standard-of-care treatment, a high-dose H057 arm receiving high-dose H057 plus standard-of-care treatment, and a placebo control arm receiving placebo in place of H057 plus standard-of-care treatment. Standard-of-care treatments include anti-infective therapy, expectorant therapy, hemostasis, oxygen therapy, and other supportive measures.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of H057 in patients with acute exacerbation of bronchiectasis. The primary endpoint is to evaluate change in Quality-of-Life Bronchiectasis Respiratory Symptom Score (“**QoL-B-RSS**”) from baseline to day 15. QoL-B-RSS is a self-administered, patient-reported outcome measure assessing symptoms, functioning and health-related quality of life for patients with non-cystic fibrosis bronchiectasis. It scores ranging from 0 to 100, where lower scores indicated more severe symptoms.

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Trial progress. This trial was initiated in July 2025 and is currently ongoing, with 24 patients enrolled as of the Latest Practicable Date.

Summary of Selected Preclinical Data

Preclinical studies show that H057 possesses advantages including rapid onset, high target tissue concentration, convenient application, and large safety margin, as further explained below. *In vivo* pharmacodynamic studies showed that in SD rat pneumonia models, using injectable sivelestat sodium as positive control, H057 administered via nebulized inhalation significantly inhibited white blood cell and neutrophil counts in pneumonic rats, suppressed pulmonary hemorrhage and protein extravasation, reduced TNF- α levels, and alleviated pulmonary tissue hemorrhage, edema and inflammatory cell infiltration. H057 demonstrated superior efficacy and stronger therapeutic effects compared to injectable sivelestat sodium.

Preclinical PK studies showed that when rats received similar doses via intravenous infusion and inhalation administration, plasma Cmax and area under the curve (“AUC”) for infusion administration were approximately 14-fold higher than inhalation administration; however, lung tissue exposure following inhalation administration was approximately three-fold higher than intravenous administration. PK results indicated that lung exposure following H057 inhalation administration was higher than intravenous administration, suggesting drug enrichment in target organs with superior efficacy; plasma exposure following inhalation administration was lower than intravenous administration, suggesting reduced drug in systemic circulation with superior safety, as shown in the following table.

Comparison of drug concentrations in lung tissue and plasma after administration of inhalable H057 and injectable sivelestat sodium

Group	Lung AUC (0-t) (h*ng/g)	Plasma AUC (0-t) (h*ng/ mL)
H057.....	11,904.41	1,091.81
Injectable sivelestat sodium	3,740.18	15,554.19
Inhalation/injection ratio.....	3.2-fold	7.0%

YD0743: Phase II innovative drug candidate for sepsis and PALI

Leveraging a novel mechanism, YD0743 is positioned to address a critical unmet medical need in sepsis management, potentially transforming treatment paradigms for this life-threatening condition.

Sepsis and septic shock constitute major clinical challenges in critical care medicine. Globally, sepsis affects over 100 million people annually, claiming over 20 million lives — accounting for a substantial proportion of critical care fatalities. In China alone, sepsis affects over 9.0 million patients annually, resulting in over 700,000 fatalities each year. Furthermore, sepsis survivors typically suffer from persistent cognitive impairment, creating substantial long-term healthcare burdens. Despite this significant disease burden, the field has historically lacked targeted pharmacological interventions, with conventional approaches yielding suboptimal outcomes — underscoring the urgent need for novel therapies including immunomodulatory agents to improve treatment benefits. The sepsis drug market in China was estimated at approximately RMB25.2 billion in 2024 and is expected to reach RMB58.2 billion in 2035. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Sepsis.”

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As of the Latest Practicable Date, there were seven Category I innovative drugs under clinical development in China for the treatment of sepsis, with YD0743 being one of the immunomodulatory agents, according to Frost & Sullivan. We obtained IND approval from the NMPA for YD0743 in March 2025. We completed a Phase I trial in healthy subjects in October 2025 and initiated a Phase II trial in patients with sepsis in February 2026. We plan to complete the Phase II trial in the second half of 2027.

Given that sepsis and postoperative acute lung injury (“**PALI**”) share common pathological mechanisms involving dysregulated inflammatory responses and immune disorders, both of which are fundamentally driven by immune dysregulation-mediated organ injury, we also plan to initiate to a separate Phase II trial in PALI in the first half of 2027 to investigate the therapeutic potential of YD0743 for this indication.

YD6390: Highly potent and highly selective PDE4B inhibitor for IBD

YD6390 is a Category I innovative drug candidate and a highly potent and highly selective PDE4B inhibitor derived from our oral small-molecule drug design platform. PDE4B is a critical regulator of inflammatory responses and immune cell activity, and is prominently expressed in intestinal and lung tissues. As the primary phosphodiesterase mediating cAMP degradation in immune cells, selective PDE4B inhibition delivers broad anti-inflammatory effects by influencing specific signaling cascades, representing a promising therapeutic approach for multiple inflammatory or autoimmune diseases, including IBD.

IBD, primarily comprising ulcerative colitis and Crohn’s disease, is a chronic, relapsing, immune-mediated disorder of the gastrointestinal tract, with ulcerative colitis accounting for approximately 75% of IBD cases. The prevalence of IBD was estimated at 0.8 million in 2024 and is expected to reach 1.3 million in 2032. Despite the availability of multiple treatment options, remission rates remain below 50%, and existing therapies continue to face significant limitations, including non-response, loss of response, infection risks and limited options for certain patient populations. As of the Latest Practicable Date, approved targeted therapies for IBD in China were predominantly monoclonal antibodies, while no PDE4B inhibitor targeting IBD in China had been approved or had entered Phase II clinical development or beyond. See also “Industry Overview — Drug Market for Immunology and Inflammation in China — Inflammatory Bowel Disease.”

In *in vitro* studies, YD6390 demonstrated strong inhibitory activity against PDE4B with an IC₅₀ of 0.155 nM, and exhibited higher PDE4B/PDE4D selectivity compared to other clinical-stage PDE4B inhibitors, including three-fold higher selectivity than nerandomilast (BI1015550), the first PDE4B inhibitor approved globally. In *in vivo* studies using a dextran sulfate sodium-induced ulcerative colitis mouse model, YD6390 significantly alleviated colitis symptoms, dose-dependently lowered blood IL-6 levels, and improved colonic histopathological severity and extent of disease involvement, supporting its therapeutic potential in ulcerative colitis.

We submitted an IND application for YD6390 to the NMPA in July 2025 and received IND approval in October 2025. We initiated a Phase I clinical trial in healthy subjects in November 2025, which we plan to complete in the second quarter of 2026. We further obtained IND approval for YD6390 for the treatment of ulcerative colitis in March 2026 and plan to initiate a Phase II trial for this indication in the second half of 2026.

Pain Management

Pain management remains a critical challenge in global healthcare, with significant gaps in safe and effective treatment options. Our strategic emphasis on developing non-opioid pain management approaches directly addresses the intensifying need for potent analgesics with minimized safety

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concerns. HL-1186 is the lead innovative drug candidate in our pain management portfolio and a highly selective Nav1.8 inhibitor. In addition to HL-1186, we are also developing two preclinical assets to treat neuropathic pain and migraine. Together, our pain management drug pipeline possess the potential to address unmet medical needs across a large patient population.

Selected Pipeline Products

HL-1186: Novel Nav1.8 inhibitor to treat acute and chronic pain

HL-1186 is a Category I innovative drug candidate and a highly selective Nav1.8 inhibitor. As a novel non-opioid analgesic, it represents a therapeutic advancement by targeting Nav1.8 — a key pain-signaling channel located predominantly in peripheral nerves and are minimally expressed in the brain — thereby avoiding interference with CNS functions or cardiac channels. HL-1186 hence offers the potential for effective pain relief while reducing the risks of addiction, respiratory depression, cardiovascular complications, gastrointestinal damage, or other severe side effects associated with traditional opioids. HL-1186 is China’s first Nav1.8 inhibitor undergoing clinical studies targeting both acute and chronic pain indications, according to Frost & Sullivan.

No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain, demonstrating both the efficacy and broad-spectrum potential of Nav1.8-targeted analgesia. HL-1186 shares structural characteristics with new-generation Nav1.8 inhibitors exemplified by VX-548, while exhibiting superior Nav1.8 inhibitory activity and sodium channel selectivity in preclinical studies across multiple pain models. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

We received IND approval in March 2025 to commence HL-1186’s clinical trials in China. We are advancing HL-1186 through a multi-indication approach, which allows us to efficiently leverage cross-indication data, optimize resource allocation, and accelerate development timelines. As of the Latest Practicable Date, we had completed two Phase IIa trials for HL-1186 for the treatment of postoperative pain and were conducting a Phase II trial for DPNP. We plan to initiate HL-1186’s additional Phase II or Phase IIb trials, including a Phase II trial in osteoarthritis pain, in the second half of 2026.

Drug Design and Mechanism of Action

HL-1186 is a selective inhibitor of Nav1.8, a voltage-gated sodium channel subtype predominantly expressed in the peripheral nervous system. As a clinically validated pain target, Nav1.8 mediates peripheral nociceptive signaling without CNS involvement. Structurally optimized from next-generation Nav1.8 inhibitors, HL-1186 can potentially deliver enhanced inhibitory potency and selectivity. HL-1186 is designed to function by blocking Nav1.8-mediated pain signal transmission to the CNS while avoiding characteristic opioid limitations — particularly addiction and respiratory depression, which account for most opioid-related fatalities.

Market Opportunities

Postoperative acute pain, defined as pain immediately following surgical procedures. Inadequate pain control can result in significant short-term complications affecting cardiovascular, respiratory, gastrointestinal, and urinary systems, while long-term consequences include sleep disturbances, chronic pain syndromes, psychological disorders, and drug dependence. The incidence of postoperative acute pain in China increased from 71.3 million cases in 2019 to 123.7 million in 2024 at a CAGR of 11.7%, and is projected to reach 273.1 million cases in 2035 at a

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CAGR of 7.5% from 2024 to 2035. The postoperative analgesia drug market in China is expected to increase from RMB12.4 billion in 2024 to RMB35.7 billion in 2035 at a CAGR of 10.1% from 2024 to 2035.

Peripheral neuropathic pain arises from damage to or dysfunction of peripheral nerves, resulting in chronic pain that significantly impairs patients’ quality of life. In China, DPNP represents substantial disease burdens within this therapeutic area. DPNP occurs in diabetic patients due to peripheral nerve damage caused by prolonged hyperglycemia. The prevalence of DPNP in China rose from 30.0 million cases in 2019 to 34.2 million in 2024 at a CAGR of 2.7%, and is expected to reach 40.2 million by 2035 at a CAGR of 1.5% from 2024 to 2035. The DPNP drug market in China remained relatively stable at around RMB6.0 billion from 2019 to 2024 and is expected to reach RMB15.9 billion in 2035 at a CAGR of 9.2% from 2024 to 2035.

Osteoarthritis pain is the predominant clinical symptom of osteoarthritis, a chronic and heterogeneous joint disease. In China, the prevalence of osteoarthritis pain rose from 85.7 million cases in 2019 to 89.5 million in 2024 at a CAGR of 0.9%, and is expected to reach 104.7 million by 2035 at a CAGR of 1.4% from 2024 to 2035. The osteoarthritis pain drug market in China presents a substantial opportunity, with the market size reaching RMB26.7 billion in 2024. It is expected to increase to RMB52.0 billion in 2035 at a CAGR of 6.2% from 2024 to 2035.

Nav1.8 inhibitors represent a novel therapeutic approach that offer opioid-comparable pain relief without CNS complications, while addressing pain types unresponsive to traditional non-opioid analgesics. No Nav1.8 inhibitor had been approved in China as of the Latest Practicable Date. Suzetrigine (VX-548) was the only Nav1.8 inhibitor approved globally for the treatment of moderate-to-severe acute pain.

See also “Industry Overview — Drug Market for Pain Management in China — Nav1.8 Inhibitors: Emerging Non-Opioid Analgesics.”

Summary of Clinical Trial Data

The table below sets forth details of HL-1186’s clinical development plan in China:

	<u>Subjects/Indications</u>	<u>Date of IND approval</u>	<u>Trial phase</u>	<u>Trial status</u>	<u>(Planned) Trial start date</u>	<u>(Planned) Trial completion date</u>
1. . . .	Healthy subjects		Phase I	Ongoing	March 2025	(2026Q2)
2. . . .	Moderate-to-severe acute postoperative pain		Phase IIa	Completed	July 2025	January 2026
3. . . .	Acute pain after abdominal surgery		Phase IIa	Completed	December 2025	March 2026
4. . . .	DPNP	March 2025	Phase II	Ongoing	August 2025	(2027H1)
5. . . .	Osteoarthritis pain		Phase II	Planned	(2026H2)	(2027H2)
6. . . .	Acute pain after abdominal surgery		Phase IIb	Planned	(2026Q2)	(2026H2)
7. . . .	Acute pain after orthopedic surgery		Phase IIb	Planned	(2026Q2)	(2026H2)

Phase I Clinical Trial in Healthy Subjects (CTR20251028)

This is a Phase I clinical trial to evaluate the safety, tolerability, PK, and food effect of HL-1186 following single and multiple doses in healthy subjects in China.

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Trial design. This trial is divided into SAD study phase, MAD study phase, and food effect study phase. The SAD study is a single-center, randomized, double-blind, placebo-controlled, single-dose ascending trial. The MAD study is a single-center, randomized, double-blind, placebo-controlled trial.

Trial objectives. The primary objective of this trial is to evaluate the safety and tolerability of single and multiple oral doses of HL-1186 in healthy subjects. The primary endpoint is safety evaluation after dosing, including AEs, physical examination, vital signs, clinical laboratory tests (complete blood count, urinalysis, blood biochemistry, coagulation function), and electrocardiogram.

Trial progress. This trial was initiated in March 2025 and is currently ongoing, with 124 healthy subjects enrolled as of the Latest Practicable Date.

Safety data. As of January 29, 2026, the data cut-off date, 100 eligible subjects had been randomized and dosed. No AEs $\geq$ CTCAE grade 3 or SAEs were reported. Preliminary data from this Phase I trial demonstrates HL-1186’s favorable safety and tolerability, supporting its further development in future clinical studies.

Phase IIa Clinical Trial in Moderate-to-Severe Acute Postoperative Acute Pain Patients (CTR20253086)

This is a multi-center, randomized, double-blind, placebo-controlled study to evaluate the safety, efficacy, and PK characteristics of HL-1186 in patients with moderate to severe acute postoperative pain in China.

Trial design. A total of 72 post-surgical patients were enrolled and randomized into one treatment group receiving HL-1186 80mg tablets and one placebo group receiving matching placebo tablets at a 2:1 ratio. Each patient receives a total of four oral doses at 12-hour intervals.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of HL-1186 in patients with moderate to severe acute postoperative pain. The primary endpoint is Summed Pain Intensity Difference at rest over 48 hours post-initial dosing (“**SPID48**”).

Trial progress. This trial was initiated in July 2025 and completed in January 2026. We are currently finalizing data analysis and preparing the clinical study report.

Phase IIa Clinical Trial in Patients with Acute Pain after Abdominal Surgery (CTR20254747)

This is a multi-center, randomized, double-blind, placebo-controlled study to evaluate the safety and efficacy of HL-1186 in patients with acute pain after abdominal surgery in China.

Trial design. A total of 40 patients are expected to be enrolled and randomized into one treatment group receiving HL-1186 40mg tablets and one placebo group receiving matching placebo tablets at a 1:1 ratio. Each patient receives a total of four oral doses at 12-hour intervals.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of HL-1186 in patients with acute pain after abdominal surgery. The primary endpoint is SPID48.

Trial progress. This trial was initiated in December 2025 and completed in March 2026. We are currently finalizing data analysis and preparing the clinical study report.

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Phase II Clinical Trial in DPNP Patients (CTR20253202)

This is a multi-center, randomized, double-blind, placebo-controlled study to evaluate the efficacy, safety, and PK characteristics of HL-1186 in DPNP patients in China.

Trial design. A total of 180 DPNP patients are expected to be enrolled and randomized into three groups at a 1:1:1 ratio: two treatment groups receiving HL-1186 40mg tablets and one placebo group receiving matching placebo tablets, for 12 consecutive weeks.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of HL-1186 in patients with DPNP. The primary endpoint is change from baseline in Average Daily Pain Score (“ADPS”) at 12 weeks post-dosing.

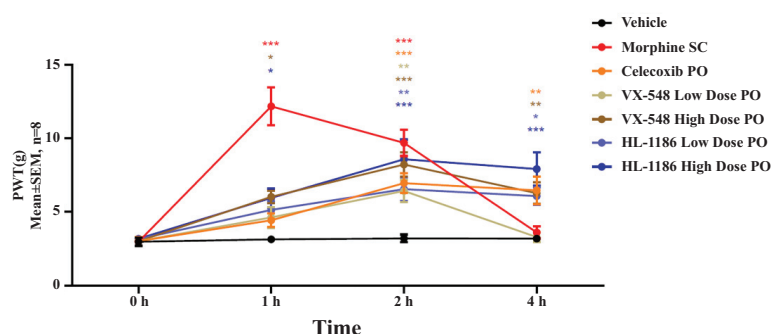
Trial progress. This trial was initiated in August 2025 and is currently ongoing, with 54 patients enrolled as of the Latest Practicable Date.

Summary of Selected Preclinical Data

In preclinical animal models of acute and chronic pain, including postoperative acute pain, diabetic peripheral neuropathy, and spared nerve injury, HL-1186 exhibited significantly enhanced analgesic efficacy compared to VX-548, with a favorable safety profile. HL-1186 showed strong *in vitro* inhibitory activity against Nav1.8, with an IC₅₀ of 0.13 nM (lower than VX-548’s 0.35 nM), with higher selectivity for sodium channels of the same family compared to VX-548. These findings support HL-1186’s potential as a best-in-class candidate suitable for safe long-term use in pain management, particularly given the growing demand for effective non-opioid alternatives.

In a rat acute postoperative pain model, a single dose of HL-1186 demonstrated significant analgesic effects, reducing paw withdrawal sensitivity in rats. At the same dosage, HL-1186 and VX-548 showed comparable analgesic effects at one hour and two hours after administration, while HL-1186 demonstrated better analgesic effects at four hours post-administration, reflecting the sustained analgesic effect of HL-1186, as illustrated below.

HL-1186 showed sustained analgesic effect in rat acute postoperative incisional pain model



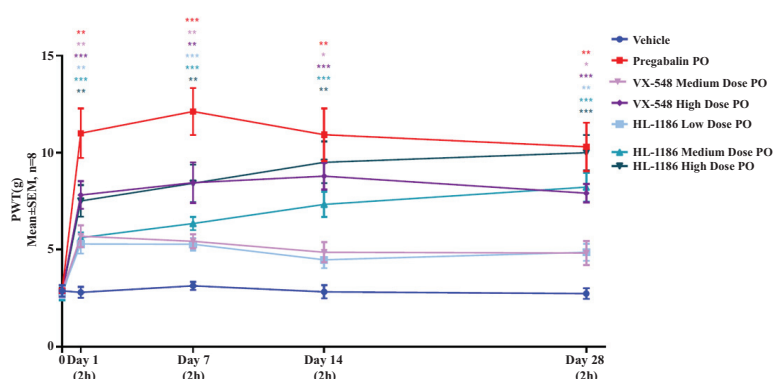
PWT: Paw Withdrawal Threshold; *p < 0.05, **p < 0.01, ***p < 0.001

In a rat DPNP model, HL-1186 demonstrated significant analgesic effects with both single and multiple doses, reducing paw withdrawal sensitivity in rats, with multiple dosing showing superior effects. At two hours after administration on day 1, HL-1186 and VX-548 at the same dosage showed comparable effects. With subsequent daily dosing, the medium and high-dose groups of HL-1186 showed continuously improving analgesic effects. At two hours after administration on day 28, the

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medium-dose group of HL-1186 showed analgesic effects comparable to the high-dose group of VX-548, demonstrating HL-1186’s powerful analgesic effect and the characteristic of improving efficacy with continuous treatment, as illustrated below.

HL-1186 showed strong analgesic effect in rate DPNP model



PWT: Paw Withdrawal Threshold; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Other Preclinical Assets

Our preclinical pain management pipeline features two innovative drug candidates with differentiated mechanisms of action:

- **AT2R antagonist:** Designed to treat chronic neuropathic pain, this drug candidate blocks angiotensin II type 2 receptors on dorsal root ganglion (“**DRG**”) neurons and macrophages, inhibiting neurostimulatory substance release and preventing neuronal sensitization. Preclinical studies demonstrated enhanced *in vitro* target affinity and *in vivo* analgesic efficacy, with optimized hepatic safety profile.
- **TRPM3 antagonist:** Developed for neuropathic pain and migraine, this drug candidate blocks pain signal transduction by inhibiting transient receptor potential melastatin 3 channels on DRG sensory neurons. Animal studies indicated that TRPM3 deficiency eliminates pathological pain responses, with no impact on thermoregulation and no addiction potential.

Oncology

Cancers remain one of the leading causes of death worldwide, posing severe threats to human health and creating significant socioeconomic burdens. In China, cancers have become the primary mortality cause, with over 5.0 million new cancer cases reported in 2024 — accounting for 23.6% of global incidence. Our commercialized oncology product portfolio primarily includes: Zuoyu (levofolonic acid for injection), Pirui (temozolomide for injection), and Weidagan (azacitidine for injection) — all recommended as first-line treatments in multiple domestic and international guidelines in their respective treatment areas.

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Marketed Products

Zuoyu 佐愈® (Levofolinic Acid for Injection)

With 5-FU remaining a cornerstone chemotherapy for colorectal cancer and other gastrointestinal tumors, levofolinic acid meets the growing demand for safer, more effective chemotherapy enhancers. Zuoyu, as China’s first domestically developed Category II levofolinic acid, is uniquely positioned to capture this opportunity. We obtained marketing approval for Zuoyu from the NMPA in June 2021. With only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan.

Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, which enhances clinical efficiency while improving overall safety. Meanwhile, its patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over the originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Zuoyu amounted to RMB23.5 million, RMB25.9 million and RMB75.6 million, respectively.

As of the Latest Practicable Date, Zuoyu had not been included in the NRDL. In addition, as Zuoyu is one of the two only approved sodium levofolinate products in China, it has not been included in the VBP schemes at the national or provincial levels, as the current market competition is insufficient to meet the tendering criteria. Zuoyu is available in two dosage forms (25mg, 50mg).

Highlights of the product include:

- Limited competition with market leadership. With only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, according to Frost & Sullivan. We believe that the substantial time and resources required for clinical development, in addition to regulatory barriers and market entrenchment of incumbents like us, are expected to pose challenges to potential new market entrants. In 2024, Zuoyu was recognized as a Shanghai High-Tech Achievement Transformation Project and listed in Shanghai’s “Top Innovative Biopharma Products” catalog, further validating its clinical and technological value.
- Clinical validated outcomes enabled by simultaneous infusion. Zuoyu’s sodium-based formula — unlike traditional calcium salt formulation — enables direct co-infusion with 5-FU, as explicitly approved in the drug label. Clinical trial data demonstrate that Zuoyu’s simultaneous infusion protocol delivers superior outcomes compared to traditional sequential administration. Patients receiving Zuoyu with 5-FU showed significant improvements in survival outcomes, including a 7.5-month extension in median progression free survival (“PFS”) and a 4.3-month improvement in overall survival, while maintaining competitive safety profiles. The streamlined administration protocol reduces total treatment time by 132.5 minutes per cycle, including two hours saved in treatment administration and 12.5 minutes in drug preparation, significantly enhancing both clinical efficiency and patient convenience.

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- Novel formulation delivering distinct therapeutic benefits. Zuoyu’s patent-protected freeze-dried powder formulation demonstrates clinically meaningful improvements over originator drug’s solution formulation, including superior purity profile (fewer known and unknown impurities), enhanced stability by circumventing heat-induced degradation during sterilization, and reduced safety risks — all while achieving therapeutic equivalence as a ready-to-use powder with extended shelf life. Unlike traditional leucovorin preparations that contain a 50:50 mixture of active L-isomer and inactive D-isomer, Zuoyu contains exclusively the pharmacologically active L-isomer. This eliminates interference from the non-therapeutic D-isomer, which can hinder cellular uptake and create unnecessary metabolic burden.

Drug Design and Mechanism of Action

Levofolinic acid initially entered the market as a calcium salt formulation. However, this form presents significant clinical limitations due to its poor solubility — high doses can precipitate calcium folinic acid crystals, while calcium ions may form calcium carbonate precipitates that risk vascular occlusion. Zuoyu’s optimized sodium salt formula enables simultaneous infusion with 5-FU, eliminating the two-hour delay required by traditional calcium salt formulation. This formulation also reduces the adverse cardiac and multi-organ effects associated with the superfluous, non-therapeutic calcium ions, thereby delivering an enhanced safety profile.

Market Opportunities

The sodium levofolinate market in China, estimated at RMB26.7 million in 2024, is projected to grow at a CAGR of 29.6% and reach RMB460.6 million in 2035, driven by rising cancer incidence and the shift toward optimized chemotherapy regimens. As of the Latest Practicable Date, Zuoyu was one of the only two sodium levofolinate products approved in China, according to Frost & Sullivan. Leveraging its novel drug design and demonstrated therapeutic benefits, Zuoyu is positioned to maintain its dominant market share in the rapidly expanding sodium levofolinate market. See also “Industry Overview — The Oncology Drug Market in China — Levofolinic Acid: Key Roles in Cancer Therapy.”

Other Marketed Products

Besides Zuoyu, we have also successfully commercialized other oncology products, including (i) Pirui 匹瑞® (temozolomide for injection). Temozolomide is recommended as a first-line treatment for glioblastoma and anaplastic astrocytoma. Pirui is formulated without polysorbate 80, an excipient used in the originator drug, potentially reducing the risk of hemolysis and enhancing convenience for clinical use; and (ii) Weidagan 卫达甘® (azacitidine for injection). Azacitidine is a hypomethylating agent used as first-line therapy for myelodysplastic syndromes (“MDS”), chronic myelomonocytic leukemia (“CMML”), and acute myeloid leukemia (“AML”). Weidagan’s optimized manufacturing process minimizes impurities and degradation products while extending shelf life to 36 months, delivering consistent product quality and reducing waste.

Other Chronic Disorders and Beyond

Cardiovascular diseases claim more lives worldwide than any other medical condition, creating massive health and economic challenges due to their widespread occurrence and severe impacts. Our cardiovascular portfolio includes two key marketed products: Kangmairui (ticagrelor tablets) for ACS and Li'erban (rivaroxaban tablets) for the treatment and prevention of VTE, both recommended as first-line treatments in multiple domestic and international guidelines. Besides cardiovascular diseases, we also address other prevalent chronic conditions like endometriosis, urological disorders and diabetes through our marketed products, including Dinuo'an (dienogest

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tablets), Xiaoxiong (avanafil tablets), Qianweilai (silodosin capsules) and Enketang (empagliflozin and metformin hydrochloride sustained-release tablets). Furthermore, we continue to invest in the development of novel drugs for chronic diseases, including: H077, the world’s first clinical-stage silodosin sustained-release formulation, according to Frost & Sullivan, and H062, a potential first-in-class sacubitril valsartan sodium/amlodipine compound currently in Phase III trial.

Marketed Products

Kangmairui 康迈瑞® (Ticagrelor Tablets)

Kangmairui is a generic ticagrelor tablet indicated for patients with ACS, including those managed medically or undergoing percutaneous coronary intervention, to reduce the incidence of thrombotic cardiovascular events. The marketing approvals for Kangmairui were obtained in September 2019 (90mg) and July 2020 (60mg).

Ticagrelor, a blockbuster oral antiplatelet agent, is a direct acting, reversibly binding P2Y12 platelet inhibitor. Notably, ticagrelor demonstrates superior efficacy to clopidogrel by significantly reducing cardiovascular mortality in ACS patients receiving background aspirin therapy, earning first-line recommendation in leading ACS guidelines, both domestically and internationally. The prevalence of ACS was 1.5 million cases in 2024 and is estimated to reach 2.0 million in 2035.

The market size of ticagrelor drugs was estimated at RMB1,033.0 million in 2024. As of the Latest Practicable Date, more than 30 ticagrelor drugs had been approved in China (including the originator drug, BRILINTA), with Kangmairui generating RMB70.1 million in sales revenue in 2024, ranking fourth among our competitors and accounting for a market share of approximately 6.8% in the same year, according to Frost & Sullivan.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Kangmairui amounted to RMB57.5 million, RMB70.1 million and RMB53.2 million, respectively. Kangmairui has been included in Part B of the NRDL since it was commercialized. It has also been included in national and provincial VBP schemes. Since 2020, Kangmairui has won in the bidding processes of the following national VBP scheme:

<u>Entry date, batch number</u>	<u>No. of winning bidders</u>	<u>Average selling price of winning bidders before inclusion</u>	<u>Average selling price of winning bidders after inclusion</u>	<u>Percentage of price reduction</u>	<u>Procurement Period*</u>
August 2020, Batch 3 (90mg)	Six	RMB5.7 to RMB8.4 per unit	RMB0.63 to RMB2.25 per unit	55% to 92%	Three years
February 2021, Batch 4 (60mg)	Four	RMB1.7 to RMB2.9 per unit	RMB0.8 to RMB1.1 per unit	55% to 68%	Three years
February 2026, follow-on (90mg)* . .	29	RMB0.5 to RMB1.9 per unit	N/A**	N/A**	Until December 31, 2028
February 2026, follow-on (60mg)* . .	15	RMB0.6 to RMB1.5 per unit	N/A**	N/A**	Until December 31, 2028

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* Following the expiration of the procurement period under previous batches of the national VBP scheme, Kangmairui was included into inter-provincial VBP alliance covering 26 provinces, autonomous regions, and municipalities. In February 2026, Kangmairui participated in the national follow-on VBP scheme covering 31 provinces, autonomous regions and municipalities and was included therein. See “— Pricing — VBP Schemes.”

** As of the Latest Practicable Date, the relevant information was not publicly available.

Li'erban 利尔班® (Rivaroxaban Tablets)

Li'erban is a generic rivaroxaban tablet indicated for the treatment and prevention of VTE, including DVT and PTE. The marketing approval for Li'erban was obtained in December 2020.

Rivaroxaban tablets are the world's first oral direct Factor Xa inhibitor, primarily used to reduce stroke and embolism risk in non-valvular atrial fibrillation, prevent thrombotic events in coronary and peripheral arterial disease, and treat DVT and PTE. rivaroxaban are one of the preferred anticoagulants recommended by both domestic and international clinical guidelines. Li'erban is available in three dosage forms (10mg, 15mg, 20mg) and offers comprehensive specifications among generic rivaroxaban tablets currently available in China.

DVT and PTE — together forming VTE — represent connected phases of the same disease process. DVT occurs when blood clots form abnormally in deep veins, typically in the legs. If these clots break loose, they can travel to the lungs, causing PTE. The prevalence of VTE in China was 3.4 million cases in 2024 and is expected to reach 4.9 million in 2035.

The market size of rivaroxaban drugs was estimated at RMB2,606.0 million in 2024. As of the Latest Practicable Date, more than 50 rivaroxaban drugs had been approved in China (including the originator drug, XARELTO), with Li'erban generating RMB60.8 million in sales revenue in 2024, ranking eighth among our competitors and accounting for a market share of approximately 2.3% in the same year, according to Frost & Sullivan.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Li'erban amounted to RMB54.4 million, RMB60.8 million and RMB43.9 million, respectively. Li'erban has been included in Part B of the NRDL since it was commercialized. It has also been included in national and provincial VBP schemes. Since 2021, Li'erban has won in the bidding processes of the following national VBP scheme:

Entry date, batch number	No. of winning bidders	Average selling price of winning bidders before inclusion	Average selling price of winning bidders after inclusion	Percentage of price reduction	Procurement Period*
June 2021, Batch 5 (20mg)	Seven	Approximately RMB34.6 per unit	RMB0.68 to RMB13.65 per unit	58% to 99%	Three years
June 2021, Batch 5 (15mg)	Eight	RMB24.9 to RMB26.4 per unit	RMB0.51 to RMB11.6 per unit	58% to 98%	Three years
June 2021, Batch 5 (10mg)	Ten	RMB17.3 to RMB19.3 per unit	RMB0.16 to RMB0.65 per unit	97% to 99%	Three years
February 2026, follow-on (20mg)* . .	14	RMB0.5 to RMB3.0 per unit	N/A**	N/A**	Until December 31, 2028
February 2026, follow-on (15mg)* . .	15	RMB0.3 to RMB1.2 per unit	N/A**	N/A**	Until December 31, 2028
February 2026, follow-on (10mg)* . .	29	RMB0.1 to RMB3.5 per unit	N/A**	N/A**	Until December 31, 2028

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* Following the expiration of the procurement period under previous batches of the national VBP scheme, Li'erban was included into inter-provincial VBP alliance covering 11 provinces, autonomous regions and municipalities, for a further term of one year. In February 2026, Li'erban participated in the national follow-on VBP scheme covering 31 provinces, autonomous regions and municipalities and was included therein. See “— Pricing — VBP Schemes.”

** As of the Latest Practicable Date, the relevant information was not publicly available.

Dinuo'an 蒂诺安® (Dienogest Tablets)

Dinuo'an is the first domestic generic dienogest tablet (2mg) to achieve commercialization in China indicated for endometriosis, according to Frost & Sullivan. The marketing approval for Dinuo'an was obtained in June 2021. In addition, we submitted ANDA to the NMPA for dienogest tablet (1mg) in July 2025 and expect to obtain market approval in the second half of 2026.

Dienogest has received first-line recommendation in both domestic and international clinical guidelines for the treatment of endometriosis and related conditions. This endorsement reflects its established efficacy, safety profile, and therapeutic advantages over traditional alternatives. The prevalence of endometriosis in China was 54.2 million cases in 2024 and is expected to reach 58.0 million in 2035.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from the sales of Dinuo'an amounted to RMB71.0 million, RMB72.9 million and RMB91.8 million, respectively. The market size of dienogest drugs was estimated at RMB874.9 million in 2024. As of the Latest Practicable Date, more than five dienogest drugs had been approved in China (including the originator drug, VISANNE), with Dinuo'an generating RMB72.9 million in sales revenue in 2024, ranking second among our competitors and accounting for a market share of approximately 8.3% in the same year, according to Frost & Sullivan.

Dinuo'an (2mg) has been included in Part B of the NRDL since it was commercialized. It had not been included in the VBP schemes at the national or provincial levels as of the Latest Practicable Date.

Other Marketed Products

In addition to the key products above, we also generated revenue from other marketed drugs during the Track Record Periods, including:

- Xiaoxiong 枭雄® (Avanafil Tablets), the first domestic generic avanafil tablet to achieve commercialization in China, according to Frost & Sullivan. Avanafil is recommended as first-line therapy for erectile dysfunction by European Association of Urology guidelines, featuring rapid onset within 15 minutes, no food-effect interference, low adverse reaction rates, and outstanding long-term tolerability. Xiaoxiong offers one of the most comprehensive specifications among generic avanafil tablets currently available in China. Besides avanafil tablets, we have also commercialized two Category IV drugs, namely sildenafil citrate tablets and tadalafil tablets, under the brand name of Xiaoxiong;

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- Qianweитай 前卫泰[®], the first generic silodosin approved in China, according to Frost & Sullivan. Silodosin is a new-generation ultra-selective α 1A-adrenoceptor antagonist, recommended as first-line therapy for benign prostatic hyperplasia (“BPH”)/lower urinary tract symptoms (“LUTS”) by domestic and international guidelines. It offers high selectivity, favorable safety profile, rapid onset within two to six hours, and improvements in lower urinary tract symptoms and cardiovascular safety superior to tamsulosin; and
- Enketang 恩科唐[®], the second domestically approved fixed-dose combination sustained-release formulation combining empagliflozin and metformin, according to Frost & Sullivan. Clinical evidence shows empagliflozin lowers the risk of serious cardiovascular AEs and deaths while protecting both heart and kidney function, whereas metformin’s sustained-release formulations significantly decrease gastrointestinal side effects. Enketang’ dual-mechanism and sustained-release formulation effectively simplify treatment regimens while offering weight loss benefits without increasing hypoglycemia risk, demonstrating good safety profile.

Selected Pipeline Products

H077: The world’s first clinical-stage silodosin candidate in sustained-release formulation

H077, developed using our patent-protected sustained-release technology, is a Category II modified new drug of silodosin currently in Phase III clinical trial for BPH. Silodosin is the latest-generation highly selective α 1A receptor blocker that demonstrates superior efficacy to tamsulosin in improving lower urinary tract symptoms and BPH, with fewer cardiovascular side effects, recommended by both domestic and international guidelines recommend as first-line therapy for BPH. Currently, only conventional capsule formulations are marketed in China, requiring twice-daily administration.

As the world’s first clinical-stage silodosin candidate in sustained-release formulation, according to Frost & Sullivan, H077 is expected to improve patient compliance and therapeutic outcomes through simplified once-daily dosing while maintaining silodosin’s established efficacy and safety profile. H077’s sustained-release formulations offer multiple clinical advantages, including: (i) enhanced patient compliance through simplified dosing schedules; (ii) stabilized plasma drug concentrations that minimize peak-trough fluctuations compared to immediate-release formulations, reducing concentration-dependent adverse effects; and (iii) potentially improved tolerability of silodosin-specific side effects through gradual drug release that avoids sudden concentration spikes.

Pursuant to the IND approval we received from the NMPA in April 2024, we have completed H077’s Phase I trials in healthy male subjects. Following regulatory communications with the CDE, we are currently enrolling patients for H077’s Phase III trial and expect to complete this trial in the first half of 2028.

Drug Design and Mechanism of Action

H077’s sustained-release tablets (8mg, once-daily oral administration) are expected to maintain non-inferior efficacy and safety compared to the original silodosin capsules (4mg, twice-daily oral administration), while providing slow drug release and stable blood concentrations. H077’s unique, patent-protected skeleton sustained-release excipient system was specifically designed to overcome common challenges of extended-release formulations. The technology eliminates the initial burst release phenomenon while facilitating complete drug release in later stages, achieving optimal PK parameters: comparable AUC exposure to conventional capsules with significantly reduced Cmax.

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Market Opportunities

BPH is a common chronic condition in middle-aged and elderly men primarily characterized by urinary obstruction, and the most common benign condition contributing to LUTS in aging males. The prevalence of BPH in China was 21.0 million cases in 2024 and is estimated to reach 23.5 million in 2035. The histopathological incidence of BPH increases with age, affecting over 50% of men by age 60 and up to 83% by age 80. The market size of BPH drugs in China was estimated at approximately RMB3.4 billion in 2024 and is expected to reach RMB7.2 billion in 2035 at a CAGR of 6.9% from 2024 to 2035. As of the Latest Practicable Date, silodosin therapy in China was only available in twice-daily capsule, and H077 was the first and only silodosin candidate in sustained-release formulation under clinical development, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Other Chronic Disorders in China — Benign Prostatic Hyperplasia.”

Summary of Clinical Trial Data

Phase I Clinical Trial in Healthy Male Subjects (Multiple Doses) (CTR20244852)

This was a randomized, open-label Phase I clinical study evaluating the multi-dose PK and food effect of H077 in healthy subjects in China.

Trial design. A total of 24 healthy male subjects were randomized into two groups: one receiving H077 (8mg, once daily, sustained-release tablets) and the other receiving Urisef[®] (4mg, twice daily, silodosin capsules) as the active comparator, for six consecutive days.

Trial objectives. The purpose of this trial was to evaluate the PK characteristics of multiple doses of H077 in healthy subjects; to compare the steady-state PK characteristics with equivalent doses of Urisef[®]; and to evaluate the safety of multiple doses of H077.

Trial progress. This trial was initiated in November 2024 and completed in January 2025.

Safety and PK data. Once-daily administration of H077 after meals and twice-daily administration of Urisef[®] after meals both reached steady state after six consecutive days of dosing. H077 demonstrated systemic exposure comparable with Urisef[®] ($AUC_{0-24, ss}$ and $C_{av, ss}$), with similar fluctuation coefficients and fluctuation amplitudes between the two formulations. At steady state, the $T_{max, ss}$ of H077 was delayed by two hours compared to Urisef[®], achieving the desired sustained-release effect. The safety profile of multiple doses of H077 was similar to that of Urisef[®]. The incidence of AEs was similar between once-daily H077 after meals and twice-daily Urisef[®] after meals, with no SAEs occurring.

Phase III Clinical Study in BPH Patients (NCT07146386)

This is a randomized, double-blind, controlled, multi-center Phase III clinical study to evaluate the efficacy and safety of H077 versus silodosin capsules for the treatment of BPH.

Trial design. A total of 728 BPH patients are expected to be enrolled and randomized into one treatment group receiving H077 sustained-release tablets and one control group receiving silodosin capsules at a 1: 1 ratio.

Trial objectives. The primary objective of this trial is to evaluate the efficacy of H077 versus silodosin capsules for the treatment of BPH. The primary endpoint is changes in International Prostatism Symptom Score (“IPSS”) at 12 weeks from baseline.

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Trial progress. This trial was initiated in August 2025 and is currently ongoing, with 151 patients enrolled as of the Latest Practicable Date.

H062: Potential first-in-class sacubitril valsartan sodium/amlodipine compound in Phase III trial

H062, a Category II modified new drug and potential first-in-class dual-acting sacubitril valsartan sodium/amlodipine compound, addresses resistant hypertension, a critical gap in hypertension treatment. According to WHO Guidelines for the pharmacological treatment of hypertension in adults, a large multicenter study across high-, middle-, and low-income countries found that only 40.6% of hypertension patients received treatment, with only 13.2% achieving blood pressure control, showing that blood pressure remains uncontrolled in the majority of hypertension patients.

Sacubitril valsartan sodium/amlodipine compounds represent a significant advancement in hypertension management over traditional therapies. By simultaneously modulating the renin-angiotensin system, enhancing protective peptides, and regulating calcium channels, these novel compounds deliver superior blood pressure control with enhanced cardiovascular and renal protection. This multi-pathway approach can potentially address hypertension’s complex pathophysiology, particularly benefiting patients with resistant hypertension or comorbidities who respond inadequately to conventional treatments. The integration of these complementary mechanisms into a single compound preparation simplifies medication regimens, improving patient adherence while achieving therapeutic effects at optimized doses — minimizing side effects and reducing potential polypharmacy complications. As of the Latest Practicable Date, H062 was one of the only two sacubitril valsartan sodium/amlodipine compound preparations under clinical development in China, according to Frost & Sullivan. See also “Industry Overview — Drug Market for Other Chronic Disorders in China — Resistant Hypertension.”

H062 demonstrated favorable safety and predictable PK in Phase I healthy subjects. With IND approval obtained from the NMPA in April 2024, H062 is currently undergoing two Phase III clinical trials, with the potential to treat hypertensive patients with uncontrolled blood pressure on existing two types of drugs, offering synergistic modulation where single-pathway agents fall short. We plan to complete the two Phase III trials in the first half of 2027.

Other Pipeline Products

In addition to these two Category II modified new drug candidates, H077 and H062, we are advancing HL-2626, a novel agonist targeting 5-HT_{2A} receptor, which is designed for major depressive disorder and treatment-resistant depression. Preclinical studies suggest HL-2626 offers rapid-acting antidepressant effects without the hallucinogenic or addictive risks associated with traditional psychedelics. We are currently conducting IND-enabling studies for HL-2626 and expect to file for IND with the NMPA in the second half of 2026.

Furthermore, we are developing multiple generic drug candidates to treat various chronic disorders, including azisartan and amlodipine tablet for primary hypertension, dienogest tablet (1mg) for uterine adenomyosis, and relugolix tablet for menorrhagia caused by uterine fibroids. We submitted ANDA to the NMPA for azilsartan and amlodipine tablet in 2024 and received market approval in January 2026, which is the first-to-market generic drug of its class in China. We submitted ANDA to the NMPA for dienogest tablet (1mg) in July 2025 and expect to obtain market approval in the second half of 2026. We completed the Phase III trial for relugolix tablet in January 2026 and are currently finalizing data analysis and preparing the clinical study report. We anticipate submitting the ANDA for relugolix tablet in the second quarter of 2026.

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OUR TECHNOLOGY PLATFORMS

We have established proprietary technology platforms that encompass all key aspects of drug development, from target selection, drug discovery, clinical research, to CMC and process development.

Target Screening Platform

Our pipeline strategy for both Category I innovative drugs and Category II modified new drugs begins with identifying unmet clinical needs, then systematically evaluates potential targets based on their biological mechanisms, translational research data, and real-world evidence to select promising candidates with differentiated advantages. For each target under consideration, we conduct comprehensive evaluation — analyzing its mechanism of action, disease relevance, and therapeutic potential to predict both efficacy and safety profiles. We further strengthen our target validation by working closely with industry experts, combining their frontline experience with our research capabilities to uncover novel target applications and enhance clinical translatability.

Innovative Drug Discovery Platform

We have established a proprietary oral small-molecule drug design platform that designed to accelerate the identification and optimization of high-quality drug candidates while enhancing R&D efficiency and success rates. This platform focuses on therapeutically important target classes — including G protein-coupled receptors, kinases, and proteases — which regulate critical physiological and pathological processes, enabling the rational design of novel compounds with optimal oral bioavailability and target specificity.

Clinical Development Technology Platform

Our clinical development platform oversees the end-to-end design and execution of clinical trials for innovative drugs, incorporating preclinical findings, target mechanisms, and fundamental medical research to optimize trial protocols. During trial implementation, we address compound-specific technical challenges through close collaboration with leading hospitals and healthcare professionals.

CMC Development Platform

We have established several key platform technologies: (i) API development technologies encompassing chiral drug synthesis, crystallization engineering, and salt formation; (ii) novel formulation including solubility enhancement for poorly soluble drugs, sustained-release formulations, and fixed-dose combination; and (iii) quality-focused analytical tools including analytical method development, impurity profile characterization, and genotoxic impurity detection. Our CMC development platform was instrumental to the successful commercialization of marketed products, including our Category II modified new drug, Zuoyu, and multiple first-to-market generic products in China. This infrastructure drives the efficient advancement of our drug candidates while meeting both clinical study requirements and commercial-scale production needs.

RESEARCH AND DEVELOPMENT

We conduct research and development activities primarily through our in-house R&D team, and we engage CROs from time to time to support our preclinical research and clinical trials. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses were RMB211.1 million, RMB194.8 million and RMB234.3 million, respectively.

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In-house R&D Team and Facilities

As of December 31, 2025, our in-house R&D team consisted of 256 members, approximately 45% of whom held master or doctoral degrees, mainly in biology, pharmacology, pharmacy, chemistry, and medical science. Our R&D team comprises talents with extensive experience in drug discovery, preclinical development, CMC, clinical development and regulatory affairs, spanning the entire drug development cycle. Many of them have years of experience in driving drug discovery and development programs at leading multinational companies and domestic pharmaceutical companies, such as GSK, Bayer, Novartis, Eli Lilly, Hengrui and Sino Biopharmaceutical, and renowned research institutes such as the University of Strasbourg, the U.S. National Cancer Institute, and Chinese Academy of Sciences.

To strengthen our innovation capabilities, we have established two wholly owned subsidiaries specializing in innovative drug development: Shanghai Yidian Pharmaceutical Technology Development Co., Ltd. and Shanghai Yidi Biotechnology Co., Ltd. These entities focus primarily on PCC identification, preclinical research and clinical medical studies for Category I innovative drug candidates. In addition, we operate specialized research centers with distinct focuses: our Center for Pharmaceutical Sciences is primarily responsible for CMC studies, while our Clinical Research Center focuses on clinical operations, project management, and quality management for all of our registration-stage drug candidates.

R&D Process

We have established a drug R&D engine that drives all stages of our innovation processes, encompassing the full spectrum from drug discovery through regulatory approval. The following summary highlights the key steps of our in-house R&D process for Category I innovative drug development:

- **Target identification/validation and drug discovery.** Before initiating a project, we leverage our scientific expertise and market insights to identify targets with high therapeutic potential. For each identified target, we conduct a comprehensive feasibility analysis, taking into account factors including market size, patentability, competitive landscape, regulatory strategy, and potential risks, while enhancing strategic synergies with our marketed products and our drug portfolio’s differentiated advantages. We then design and screen chemical compounds to select lead compounds that have demonstrated pharmacological and biological activity on a specific therapeutic target.
- **Preclinical studies.** Our preclinical development consists of two phases: (i) prior to PCC selection, we evaluate lead compounds through comprehensive *in vitro* and *in vivo* studies, assessing pharmacological selectivity, duration of action, pharmacokinetic properties, and preliminary safety profiles; and (ii) following PCC determination, we conduct IND-enabling studies including pharmacodynamics (“PD”), pharmacokinetics, integrated PK/PD studies, and comprehensive safety evaluation. Concurrently, our CMC team develops stringent standards and procedures designed to ensure the consistent manufacturing of high-quality drug substances and drug products.
- **Clinical development.** During clinical trials, we maintain close communication with trial sites and principal investigators to ensure studies are conducted in a timely manner and in accordance with study protocols and GCP guidelines. We select reputable clinical trial institutions and hospitals based on their quality, resources, experience, reputation, and availability of qualified investigators and appropriate patient populations. Furthermore, our regulatory affairs team oversees the registration strategy and submission of documents required by relevant regulatory authorities.

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For the development of Category II modified new drugs, we leverage existing clinical and safety data from approved reference products, without requiring comprehensive target identification and extensive preclinical safety studies. We focus on demonstrating specific improvements such as improved dosage forms, modified routes of administration, expanded indications or fixed-dose combination products through targeted clinical studies.

For generic drug development, our R&D process typically involves API and formulation development, CMC studies, *in vitro* dissolution, and *in vivo* bioequivalence studies or confirmatory clinical trials. Upon successful completion of these studies, we file an ANDA to the NMPA. See also “Regulatory Overview — Overview of Laws and Regulations in the PRC — Laws and Regulations in Relation to the Pharmaceutical Industry — Registration of Generic Drugs.”

Collaboration with CROs

In addition to our in-house R&D activities, we also collaborate with reputable CROs to manage, conduct, and support our preclinical research and clinical trials. The services they provide under our supervision include site management, patient recruitment and data management for our clinical trials, as well as preclinical and clinical laboratory testing and other specialized tasks aligned with our needs.

We select CROs based on various factors, such as professional qualifications, research experience in the related fields, service quality and efficiency, industry reputation, and pricing competitiveness. Depending on the specific services required, we enter into project-based service agreements with our CROs that outline the detailed scope of work, procedures, deliverables, timelines, and payment terms. We closely supervise our CROs with an aim to ensure their performance in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies. Key terms of our agreements that we typically enter into with our CROs are set forth below.

- **Services.** The CRO provides us with ancillary services in the course of our preclinical studies and clinical trials, such as implementing animal studies, providing clinical support, record keeping and report preparation.
- **Term.** The CRO is required to perform its services within the prescribed time limit set out in each work order, usually on a project basis.
- **Payments.** We are required to make payments to the CROs in accordance with a payment schedule agreed by the parties.
- **Intellectual property rights.** We generally own all intellectual property rights arising from the projects conducted by the CROs within the stipulated work scope.

MANUFACTURING

We manufacture most of our marketed tablet and capsule products and a substantial majority of APIs in-house. During the Track Record Period, we also produced certain APIs for external sales to third parties. We engage industry-recognized CDMOs to manufacture our injectable products, such as Xiweina and Zuoyu, to supplement our in-house manufacturing capacity, enabling us to optimize resource allocation and maintain cost efficiency.

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Manufacturing Facilities

We currently have one manufacturing site in Taizhou, Jiangsu. During the Track Record Period and up to the Latest Practicable Date, we obtained the requisite licenses for all of our manufacturing facilities. For details, see “— Licenses, Permits and Approvals.” Our manufacturing systems and facilities are instrumental to the smooth execution of our clinical trials and reliable delivery of our marketed products.

Our Taizhou manufacturing facilities comprise production lines for APIs and finished drug products (tablets and capsules). The following table sets forth a summary of our Taizhou manufacturing facilities as of the Latest Practicable Date.

Facility	Location	GFA (sq.m)	Production lines	Major equipment	Key products
Taizhou Manufacturing Facilities	Taizhou, Jiangsu	26,688	Tablets, capsules, and APIs	Wet granulation mixers, fluid bed granulators and coaters, tablet presses, and automatic capsule filling machines	Kangmairui, Li'erban, Qianweitai, Xiaoxiong

The following table sets forth the designed production capacity, actual production volume and utilization rates of our Taizhou manufacturing facilities as of the dates and for the years indicated.

		As of/For the year ended December 31,								
		2023			2024			2025		
Product	Unit	Designed production capacity ⁽²⁾	Production volume ⁽³⁾	Utilization rate (%) ⁽⁴⁾	Designed production capacity ⁽²⁾	Production volume ⁽³⁾	Utilization rate (%) ⁽⁴⁾	Designed production capacity ⁽²⁾	Production volume ⁽³⁾	Utilization rate (%) ⁽⁴⁾
Finished Drug Products:										
Tablets and capsules ⁽¹⁾	10,000 tablets	31,800	18,357	57.7%	31,800	20,426	64.2%	31,800	13,276	41.7%
APIs:										
Xiweina, Zuoyu, Kangmairui, Li'erban, and others	kg	25,250	16,074	63.7%	25,250	8,947	35.4%	25,250	8,042	31.9%

Notes:

- (1) We manufacture certain finished drug products in the form of tablet and capsule products at our own manufacturing facilities, while the manufacturing of other finished drug products, primarily injections, are outsourced to CDMOs.
- (2) The designed annual production capacity of finished drug products is calculated based on the capacity to produce 3.6 batches of tablets and 2.0 batches of capsules per day, with each batch consisting of 400,000 tablets or capsules.
The designed annual production capacity of APIs is calculated based on the output per batch and the estimated maximum number of batches, taking into account the manufacturing cycle, line clearance time and product changeover time applicable to the relevant shared production facilities.
- (3) Production volume during the year is the actual volume of products manufactured during that year.
- (4) Utilization rate is calculated by dividing the production volume by the designed production capacity. The fluctuations in the utilization rates during the Track Record Period were primarily associated with the changes in customer demand, delivery schedule, and the inventory levels of the relevant products.
- (5) The data presented in the table excludes drug candidates under development.

We routinely update our production plan based on six-month forecasts of market demand from our sales team, as well as our R&D manufacturing needs. We monitor our production capacity in real-time and make dynamic adjustments based on current conditions and future projections.

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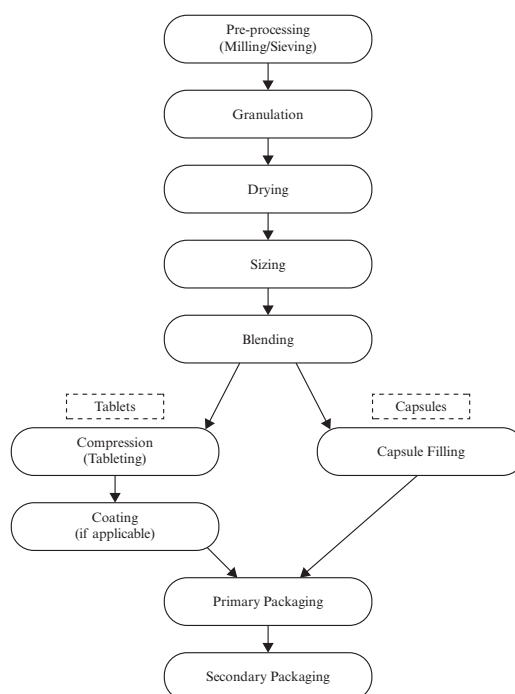
To support our innovative drug development and future commercialization, we are building a new manufacturing site in Zhijiang, Hubei. This manufacturing site will be equipped with API production lines and is expected to become operational within the next three years.

Production Processes

We operate tailored production processes for our APIs and final products.

Tablets and Capsules

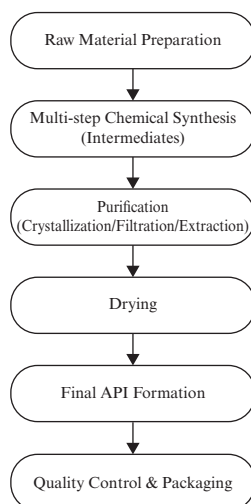
We manufacture a variety of tablets and capsules, such as Kangmairui (ticagrelor tablets), Li'erban (rivaroxaban tablets), Xiaoxiong (avanafil tablets) and Qianweitai (silodosin capsules). The typical production process for these products is illustrated in the following flowchart.



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APIs

Most of the APIs used in our marketed products and for our drug candidate development are produced through our own chemical synthesis processes. The typical production process for our APIs is set forth in the following flowchart.



Collaboration with CDMOs

During the Track Record Period, we primarily outsourced the production activities of injectable products, such as Xiweina, Zuoyu, Weidagan and Pirui, and hormonal tablets, such as Dinuo'an, to CDMOs in China. We intend to continue to collaborate with CDMOs in the near term, as we believe it is cost-effective and efficient to engage CDMOs for these manufacturing activities.

When selecting CDMOs, we consider a number of factors, including manufacturing capacity, qualifications, geographic, track record, and pricing competitiveness. We conduct quality assurance audit programs to monitor and evaluate the services of our CDMOs. We enter into long-term master service agreements with our CDMO partners and place specific orders as our marketing and R&D activities require. Key terms of such agreements are set forth below.

- **Services.** The CDMO provides us with contract manufacturing services according to the types of deliverables, location, unit price, volume and requested delivery date specified by us, including but not limited to technology transfer batches, process validation batches, on-site inspection batches, and commercial production batches.
- **Quality control and GMP compliance.** CDMOs are required to maintain valid Drug Manufacturing Permits within the scope of contract products and ensure continuous GMP compliance throughout the contract period, meeting all technical, safety and environmental regulatory requirements.
- **Material supply arrangements.** We are responsible for the audit and approval of raw material suppliers, while material procurement responsibilities are allocated based on specific agreements, with CDMOs required to follow our specifications and quality standards.

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- ***Remedies for non-conforming products.*** We are entitled to remedies for products that fail to conform to our specifications and approved registration standards. The CDMOs are required to replace the non-conforming products and bear associated costs if the non-conformance is attributable to their operations.
- ***Payments.*** We are required to make payments to the CDMOs in accordance with the payment schedule set forth in the agreement, which is typically linked to the stages of the manufacturing process and the deliverables we receive, generally structured in milestone-based payments.
- ***Intellectual property rights.*** We own all intellectual property rights arising from the contract manufacturing processes. All technical documents, reports, original data, records and related materials generated during the manufacturing process belong to us.

For risks relating to our relationship with CDMOs, see “Risk Factors — Risks Relating to Dependence on Third Parties — We rely on third parties to support and conduct certain aspects of our business, and the inability of any of these parties to reliably carry out their contractual duties or meet expected timelines could adversely affect our business and prospects.”

SALES AND MARKETING

During the Track Record Period, our revenue was primarily derived from the sales of over ten marketed products, covering a wide range of therapeutic areas including immunology and inflammation, oncology, and other chronic disorders. Additionally, we generated a small portion of revenue from the sales of APIs and intermediates. Our promotional activities are executed primarily by our in-house sales and marketing team. We also work closely with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products.

Our Sales and Marketing Team

Our sales and marketing operations are managed by a dedicated team of professionals with strong sales capabilities and experience to support systematic planning and efficient network operations. As of December 31, 2025, we had 720 employees in our sales and marketing team. Our sales and marketing team is responsible for promoting our products through compliant commercial activities, including academic promotion, market demand research, and customer relationship management, which aims to expand market penetration of our products and drive sustainable revenue growth. We regularly provide in-house and external trainings to enhance the industry knowledge and marketing skills of our sales and marketing team. We have also put in place strict compliance measures and policies for our sales and marketing personnel, including anti-bribery and anti-corruption requirements. See also “— Environmental, Social and Governance Matters — Management Measures for ESG Issues — Anti-corruption.”

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Sales Channels

We primarily sell our products through distributors, who purchase our products and distribute them to hospitals and other medical institutions. We also sell directly or through our distributors to retail pharmacy chains. Our distribution model is in line with the industry norm in China’s pharmaceutical market, according to Frost & Sullivan. The following table sets forth a breakdown of our revenue by distribution channel for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Distributors	964,643	97.9	663,583	96.8	644,485	94.0
Direct sales	20,205	2.1	21,992	3.2	41,357	6.0
Total	984,848	100.0	685,575	100.0	685,842	100.0

Distributors

We operate a seller-buyer model with our distributors, where they take ownership of the drug products upon acceptance — assuming all associated risks, including unsold stock — and are not entitled to return the sold products unless in cases of product defects, incorrect shipments or verified transit damages. This definitive transfer of ownership is distinguishable from consignment or principal-agent models, as our distributors then independently distribute our products to hospitals, retail pharmacies, and other end customers. We believe our distribution strategy helps extend our coverage in a cost-effective manner while we retain proper control over our distribution network and marketing activities.

Distribution Network

Our distributor network includes well-established pharmaceutical distributors with nation-wide presence, as well as regional distributors with deep market penetration within specific geographic areas within China. As of December 31, 2025, our distribution network comprised 278 distributors across 31 provinces, autonomous regions, and municipalities in China.

One distributor, Hainan Haitai Medical Technology Co., Ltd. (“**Hainan Haitai**”), was one of our connected persons, with whom we conducted arms-length transactions. During the Track Record Period, the revenue we generated from sales to Hainan Haitai was RMB1.8 million. See also “Connected Transaction.” Save for the foregoing, to the best knowledge of our Directors, all of our remaining distributors during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties. None of the distributors who transacted with us during the Track Record Period and up to the Latest Practicable Date were controlled by our former or current employees, uses our brand or name (except where expressly authorized by us for specific promotional activities), or has received any material advance or financial assistance from us.

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The following table sets forth the movement of the number of our distributors for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year ⁽¹⁾	260	301	254
Addition of new distributors ⁽²⁾	92	41	65
Termination of existing distributors ⁽³⁾	51	88	41
Net increase/(decrease) in distributors	41	(47)	24
Number of distributors at the end of the year	301	254	278

Notes:

- (1) The numbers of distributors in this table are calculated on entity level, without combining distributors belonging to the same group.
- (2) New distributors refer to distributors who (i) had at least one transaction with us in the relevant year; and (ii) did not have any transaction with us in the immediately preceding calendar year.
- (3) Terminated distributors refer to distributors who (i) did not have any transaction with us in the relevant year; and (ii) had at least one transaction with us in the immediately preceding calendar year.
- (4) The relatively higher number of new distributors engaged in 2023 was primarily driven by our initiative to expand sales network for Li'erban and Kangmairui, as well as the addition of distributors for Xiwenan to meet the strong market demand during the COVID-19 pandemic. The higher number of terminations in 2024 resulted from our strategic decision to optimize our distribution network, coupled with the normalization of demand for Xiwenan.

Distributor Management

Each division within our sales and marketing team is in charge of the overall management of distributors of the specific products within its respective responsibility, ranging from selecting, monitoring, reviewing and managing risks associated with our distributors. We choose our distributors based on their demonstrated distribution capabilities, knowledge of their respective markets, creditworthiness, and operational scale. All distributors must hold the necessary licenses and permits for pharmaceutical sales and distribution.

Terms of Distribution Agreements

We typically enter into annual framework agreements with our distributors. Individual sales contracts or purchase orders are generally separately entered into or placed for each purchase. The following sets forth salient terms of our framework distribution agreements:

- **Term.** The typical duration of distribution agreements is one year.
- **Designated distribution area.** Distributors are generally not allowed to sell or distribute our products outside of their designated distribution areas.
- **Sales target and minimum purchase requirement.** Our agreements with distributors generally do not specify an agreed annual sales target or minimum annual purchase amount.
- **Resale price management.** We generally do not control the prices at which our distributors resell our products to their customers.

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- ***Inventory level.*** We generally do not require our distributors to maintain a minimum inventory level. Distributors are required to cooperate with us in regular inventory management and provide accurate, verifiable stock records. We reserve the right to restrict shipment quantities if our distributors’ inventory is higher than appropriate levels.
- ***Product return and exchange.*** Our distributors may inspect the products on delivery. Returns and exchanges are generally not allowed unless in cases of product defects, incorrect shipments or verified transit damages.
- ***Termination.*** We may terminate the agreement if our distributors, among others, (i) become insolvent, enter bankruptcy or liquidation; (ii) transfer substantial assets or equity interests to, or become subsidiaries of, our or our affiliates’ competitors; or (iii) fail to remedy any other material breach within the specified period.

Prevention of Cannibalization

We have implemented a multifaceted approach to minimize the risk of sales cannibalization among our distributors:

- Geographic restrictions.* We enforce geographic limitations, which clearly specify the designated distribution areas in our distribution agreements for each of our distributors and forbid sales beyond these areas.
- Exclusive distribution arrangements for public medical institutions.* We appoint an exclusive distributor for each public medical institution and provide formal distribution authorization documentation to confirm such arrangements. This approach prevents inter-distributor competition at the institutional level.
- Product traceability controls.* We require distributors to scan electronic codes throughout the distribution process, enabling monitoring of product flow and distribution channels. This traceability system allows us to detect unauthorized cross-territorial sales and channel violations.
- Enforcement measures and penalties.* Once we detect such anomalies, including cross-regional or cross-channel sales, we promptly require the responsible distributors to halt all sales and shipments. If, under these circumstances, distributors continue to sell the products, we are entitled to impose penalties for further unauthorized sales, including fines and potential termination of distribution agreements.

Our Directors are of the view that the above measures are sufficient to mitigate potential cannibalization and competition among our distributors. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material cannibalization or competition among our distributors within the same geographical areas.

Prevention of Channel Stuffing

We have adopted various measures to prevent channel stuffing in our distribution network:

- Demand-driven ordering.* We do not have mandatory sales targets for distributors, which encourages distributors to order based on actual market demand and sales forecasts.

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- (ii) *Ownership transfer and return restrictions.* We adopt a sales model that transfers full ownership of goods at the time of acceptance, with returns generally not allowed during the contract term except for product defects, incorrect shipments or verified transit damages. This model shifts the responsibility and risk of unsold inventory to distributors, incentivizing them to order based on actual sales demand to reduce holding costs and obsolescence risk.
- (iii) *Product traceability controls.* Through mandatory scanning of electronic codes throughout the distribution process, we maintain visibility of product flow from our warehouses to end customers. This system enables us to monitor distributor inventory trends by comparing procurement volumes against downstream sales data, facilitating early identification of abnormal inventory accumulation.
- (iv) *Expiry date management.* We strictly prohibit the sale of expired pharmaceutical products. Given the limited shelf life of pharmaceutical products, excessive inventory accumulation exposes distributors to significant financial risk through potential product expiration and total loss. This creates a natural economic disincentive against inventory hoarding, encouraging optimal inventory turnover and preventing unnecessary stock accumulation.

Our Directors are of the view that the above measures are sufficient to mitigate channel stuffing risks. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any unusual procurements or sales activities by our distributors that may result in material channel stuffing risk or abnormally high inventory level in our distribution network.

Implication of and Compliance with the “Two-Invoice System”

We are subject to the “Two-Invoice System,” a pharmaceutical procurement policy designed and enforced by the PRC government to reduce drug prices by streamlining the supply chain. Under this system, only two invoices are allowed between manufacturers and hospitals or other medical institutions: one from the manufacturer to the distributor, and another from the distributor to the hospitals (or other medical institutions). This system — mandatory for public medical institutions but optional for private institutions — reduces potential markups by multiple layers of distributors, promoting pricing transparency and reducing costs for the public healthcare system. See also “Regulatory Overview — Overview of Laws and Regulations in the PRC — Other Laws and Regulations in Relation to Medical Industry — Two-invoice System.”

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we (i) had not been deemed to have violated or circumvented any law, regulations, rules or policies in relation to the “Two-Invoice System,” (ii) had not been disqualified from participating in public tendering processes in any province, (iii) were not subject to any administrative fines or penalties by the competent authorities in relation to the “Two-Invoice System,” and (iv) had not received any warning or notice from any competent authorities in relation to the compliance of the “Two-Invoice System.”

Direct Sales

We sell a small portion of our finished drug products directly through retail channels, including offline retail pharmacies and e-commerce platforms, and certain APIs and intermediates directly to pharmaceutical manufacturers. For the years ended December 31, 2023, 2024 and 2025, our direct sales amounted to RMB20.2 million, RMB22.0 million and RMB41.4 million, accounting for 2.1%, 3.2% and 6.0% of our total revenue, respectively.

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Marketing Activities

We organize and participate in academic conferences, seminars and symposia, engaging in discussions with healthcare professionals in our target therapeutic areas. Through these academic activities and knowledge sharing sessions, we enhance healthcare professional’ understanding of the clinical efficacy, safety and cost-effectiveness of our products. Additionally, we leverage digital marketing channels, such as healthcare websites and mobile applications, to deliver medical education content, and case studies to expand our presence and improve engagement efficiency.

To supplement our in-house promotion capabilities, we engage third-party promoters who assist us with professional product information dissemination, academic conference promotion, digital marketing campaigns, brand promotion and market research. These promoters help us collect market data relating to hospitals, physicians, product use, and product safety and efficacy, enabling us to optimize our promotional strategies and resource allocation. For the years ended December 31, 2023, 2024 and 2025, we engaged 67, 30, and 15 third-party promoters, respectively. The decrease in the number of our third-party promoters was primarily driven by our strategic decision to reduce reliance on external agents and strengthen our in-house sales and marketing capabilities. Key terms of service agreements with third-party promoters are summarized as follows:

- **Term.** Our service agreements with promoters typically have a term of one year.
- **Service.** The promoters provide us with services related to, among others, (i) online media and content services; (ii) offline channel promotion; (iii) hospital and community outreach support; and (iv) market analysis. We place orders for specific services.
- **Payments.** We typically make an advance payment upon execution of the agreement. Service fees are calculated on a unit-price basis by reference to the type and quantity of services specified in the service orders.
- **Intellectual property rights.** All intellectual property rights in connection with and arising from the performance of the agreements are owned by us.
- **Anti-bribery and anti-corruption.** Both parties are committed to adhering to anti-bribery and anti-corruption laws and the performance of ethical business practices throughout the promotion process.
- **Termination.** Either party may terminate the service agreement in the event of uncured material breach or violation of applicable laws and regulations by the other party.

PRICING

We formulate and implement comprehensive pricing strategies for our marketed products to maintain competitiveness and profitability in China’s pharmaceutical market. Our pricing decisions take into account multiple factors, including our R&D, production and marketing costs and expenses, the perceived value of our products to patients and healthcare providers, our market position and the competitive landscape. Additionally, our pricing strategies are significantly influenced by China’s regulatory framework governing pharmaceutical procurement and reimbursement, which operates through multiple interconnected mechanisms that collectively determine both market access opportunities and pricing parameters for pharmaceutical products in China’s public healthcare system. The regulatory regimes that directly impact our pricing and market access primarily include VBP schemes governing the purchase of drugs by public hospitals

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and medical institutions, and the NRDL governing insurance coverage and reimbursement standards. We continuously monitor regulatory developments and adapt our pricing strategies to navigate these complex mechanisms while maintaining sustainable business operations.

VBP Schemes

The national VBP scheme, coordinated by the National Healthcare Security Administration (“NHSA”), establishes unified procurement standards across participating provinces and regions. Inclusion criteria vary every year and products eligible for national VBP scheme typically include those with established clinical utility, significant market volumes and adequate competitive supply. Under VBP schemes, winning bidders receive guaranteed market share commitments in exchange for price reductions. This volume certainty provides predictable revenue streams but, to some extent, impacts profit margins compared to traditional procurement mechanisms. Provincial VBP schemes complement the national framework by addressing products not yet covered under national programs, generally following similar competitive principles adapted to regional market conditions.

As of December 31, 2025, five of our approved products were included in national or provincial VBP schemes, namely Kangmairui, Li’erban, Qianweilai, Weidagan and Pirui. See also “— Our Products.” While VBP participation provides volume certainty and expanded market access, it creates downward pressure on our product pricing and requires careful strategic consideration regarding our participation decisions and pricing proposals.

On January 31, 2026, the NHSA and other regulatory authorities jointly initiated a national follow-on VBP scheme for pharmaceutical products upon agreement expiry. Pursuant to this follow-on scheme, Jiangsu, Henan, and Guangdong were designated as lead provinces to organize national centralized procurements covering 315 drug varieties previously selected across the first to the eighth batches of the national VBP scheme. Five of our marketed products, including key products such as Kangmairui and Li’erban, were eligible to participate in this follow-on procurement and successfully won the bids in February 2026.

NRDL

The NRDL forms the basis for medical insurance coverage and reimbursement standards under China’s basic medical insurance, work-related injury insurance and maternity insurance programs. NRDL inclusion significantly influences market dynamics by determining patient access to insurance reimbursement for covered medications, thereby affecting both demand patterns and achievable pricing levels. The NHSA, in conjunction with other relevant government authorities, maintains authority over NRDL composition and updates the list through rigorous evaluation processes that assess clinical necessity, cost-effectiveness and budgetary impact. Products undergo comprehensive evaluation based on established selection criteria including clinical efficacy, safety profiles, therapeutic value compared to existing alternatives, and economic considerations.

As of December 31, 2025, eight of our approved products were included in the NRDL, including key marketed products such as Kangmairui, Li’erban, and Dinuo’an. See also “— Our Products.” NRDL inclusion represents both an opportunity for enhanced market access and a commitment to pricing frameworks that support broad patient accessibility within China’s healthcare insurance system. While NRDL inclusion provides substantial market advantages through enhanced patient accessibility and reduced out-of-pocket costs, it may also result in price adjustments through negotiated pricing mechanisms designed to balance patient access with healthcare system sustainability.

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For further details on the risks associated with the VBP scheme and other pricing regulations in China, as well as the NRDL and other government-sponsored medical insurance programs, see “Risk Factors — Risks Relating to Our Business and Industry.”

QUALITY MANAGEMENT

We have implemented comprehensive quality control procedures and protocols that span across the entire production lifecycle, from raw material sourcing till the delivery of final products, as well as our internal R&D activities to develop our innovative drug candidates. Our quality management framework operates in strict compliance with PRC applicable laws and regulations, including the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) and Good Manufacturing Practice Standards for Drug Products (《藥品生產質量管理規範》), while incorporating principles and elements from international best practices. We have a dedicated quality management team that fulfills both quality assurance and quality control roles. The quality assurance team oversees the management and monitoring of our production process, while the quality control team focuses on the inspection and testing of raw materials, APIs/intermediates and finished products. As of December 31, 2025, we had 73 members in our quality management team.

Supply Chain Quality Control

Our supplier management framework maintains rigorous procurement standards and operational standards throughout our production processes. We have established comprehensive supplier management procedures that define supplier qualifications, selection criteria, quality assurance methods and standards, approval procedures, and quality audit protocols. Our supplier classification system utilizes whitelist and blacklist categories to promote consistent reliability in our supply chain operations. For new supplier selection, we conduct comprehensive on-site audits and assess track records, business scale, pricing competitiveness, and project execution capabilities. We execute quality agreements with major suppliers that specify quality specifications, delivery requirements and compliance obligations, while our quality management team conducts annual evaluations to ensure ongoing compliance with established standards. For more details regarding our supplier management measures, see “— Environmental, Social and Governance Matters — Management Measures for ESG Issues — Supplier Management.” We have developed flexible sourcing strategies, including identifying alternative suppliers capable of meeting our specifications and quality standards. Based on our assessment of the current supply landscape, we believe that adequate alternative sources are readily available. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes with our suppliers.

During the Track Record Period, the raw materials we procured primarily consisted of chemical reagents and chemical raw materials used in the production of APIs, as well as packaging materials and excipients required for finished drug products. These materials were primarily sourced from qualified suppliers located in China.

All materials we procure undergo inspection upon receipt according to standardized procedures. Our quality control personnel conduct batch sampling inspections and issue inspection reports indicating whether materials meet established quality standards. Quality assurance personnel review these inspection reports alongside acceptance and testing records to conduct comprehensive audit assessments. Based on assessment results, our quality management team head determines whether to approve the release of these materials for production use. Approved materials are stored according to specified storage conditions and utilized within designated shelf lives. Through these controlled procedures, we aim to minimize supply chain risks while maintaining precise management of the materials procured throughout our operations.

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Production Process Quality Control

All production processes operate according to detailed production instructions, protocols, and GMP standards to ensure consistent product quality. Our quality assurance personnel conduct rigorous monitoring at each production stage to oversee compliance with operational procedures and prevent deviations from established standards. Upon completion of batch production for APIs and intermediates, manufacturing personnel perform weighing and verification processes before storing them at designated stations. Samples are subsequently submitted to our quality control team for comprehensive testing according to established sampling management procedures. Quality control personnel collect and test samples before issuing API/intermediate product inspection reports for quality assurance review. Our quality assurance team conducts thorough audits that evaluate inspection results, process protocol adherence, operator performance, process control, environmental monitoring, deviation handling, and change management. Based on audit outcomes, on-site quality assurance personnel make final release decisions by issuing release or rejection notices for APIs/intermediates.

Finished Product Quality Control

Each batch of finished products undergoes comprehensive sample testing by our quality control personnel, who issue finished product inspection reports for quality assurance personnel’s review. Before delivering finished products to customers, all documentation relating to product quality, including batch records, laboratory testing records, production process records and other information that may impact product quality, are submitted to our quality assurance personnel for final review.

Our quality assurance personnel review all records in accordance with quality standards consistent with registration requirements and GMP standards. Finished products that fail to meet our quality standards cannot be released and are destroyed or otherwise disposed of according to established procedures. Only finished products that have received quality control approval are authorized for market distribution.

Inventory Management

We have established a comprehensive inventory management system to promote accurate, traceable and compliant management of materials and finished goods across procurement, warehousing and production. Each responsible department prepares and updates demand and procurement plans based on market conditions and production needs to maintain appropriate inventory levels. We conduct regular and ad hoc inventory counts and system reconciliations to monitor consistency between physical stock and system records. Identified discrepancies are investigated and adjusted through documented approval procedures. Our quality management team oversees warehouse management and storage conditions in compliance with GMP requirements, while our finance department reviews and audits inventory records on a periodic basis. We utilize a digital management system for inventory tracking and reconciliation, enhancing the efficiency and integrity of our inventory management.

Post-marketing Surveillance

We have established a post-marketing surveillance system to fulfill our regulatory obligations for drug safety monitoring and pharmacovigilance activities. Our surveillance framework includes ADR reporting, safety signal detection, and regulatory communication in accordance with applicable regulations. We have established a drug safety committee and dedicated pharmacovigilance department. Additionally, we utilize professional pharmacovigilance information systems and maintain safety databases to enhance pharmacovigilance management

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capabilities. Following comprehensive safety information assessment of our marketed products, we have developed post-marketing risk management plans/pharmacovigilance plans for each marketed product. We regularly conduct safety signal detection and risk assessment for our product portfolio. As of the Latest Practicable Date, no material safety risks had been identified for our marketed products.

PRODUCT RETURNS AND WARRANTIES

We have established a comprehensive internal control system to minimize the risks related to drug quality and safety to the greatest extent possible. For details about our post-marketing surveillance system, see “— Quality Management — Post-marketing Surveillance.” During the Track Record Period and up to the Latest Practicable Date, we did not have any product recall due to quality issues.

We generally do not accept any product returns and exchanges, except for product defects, incorrect shipments or verified transit damages. Our return and exchange procedures are managed by the respective business divisions with support from our finance department, quality management personnel, and warehouse operations. The return process is initiated through a formal return request submitted by the business manager of the relevant division. Following approval from the division head and our finance department, the business manager coordinates return logistics with our customers. Upon receipt, our warehouse personnel conduct initial inspection of returned goods, followed by comprehensive quality inspection and final review by our quality control personnel. For products determined to be defective due to manufacturing issues, we assume full responsibility for associated return and replacement costs. For details on our return policy with our distributors, see “— Sales and Marketing — Sales — Distributors — Distributor Management.”

We maintain robust procedures for collecting, analyzing, and responding to customer feedback and addressing quality-related concerns. Our sales and marketing team coordinates investigation and resolution of customer complaints to ensure appropriate follow-up and satisfactory resolution of identified issues. We have implemented detailed procedures for handling quality complaints and managing any adverse reactions reported in connection with our products, timely communicating with relevant parties to implement appropriate corrective measures when necessary. In line with industry practice, we do not provide express product warranties. During the Track Record Period and up to the Latest Practicable Date, the financial impact of product returns on our overall business operations was immaterial and we did not experience any material customer complaints, product liability claims, or other disputes arising from alleged product quality defects or safety issues.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of third-party promoters, CDMOs and suppliers of raw materials, equipment, and construction services. For details regarding our procurement, see “— Quality Management — Supply Chain Quality Control.”

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For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers for each year amounted to RMB162.4 million, RMB111.7 million and RMB96.4 million, respectively, accounting for 29.1%, 33.3% and 32.5% of our total purchases for the respective year, and our purchases from our largest supplier for each year amounted to RMB46.4 million, RMB35.5 million and RMB36.6 million, respectively, accounting for 8.3%, 10.6% and 12.3% of our total purchases for the respective year. The following table sets forth details of our five largest suppliers for each year during the Track Record Period:

Supplier	Background	Products/ Services Purchased	Commencement of Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Total Purchase
<i>For the year ended December 31, 2025</i>						
Supplier A . . .	A private company headquartered in Beijing, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	30 days	36,604	12.3%
Supplier B . . .	A private company headquartered in Jiangxi, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2024	Advance payment	24,245	8.2%
Supplier C . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	Advance payment	16,591	5.6%
Supplier D . . .	A private company headquartered in Jiangsu, China, primarily engaged in provision of drug R&D, manufacturing and sales and distribution	CDMO services	2020	50%: advance payment; the remaining 50%: 10 days	10,774	3.6%
Supplier E . . .	A private company headquartered in Hunan, China, primarily engaged in construction and related engineering services	Construction services	2024	Progress-based payment	8,200	2.8%
Total					96,414	32.5%
<i>For the year ended December 31, 2024</i>						
Supplier A . . .	A private company headquartered in Beijing, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	30 days	35,521	10.6%
Supplier F . . .	A private company headquartered in Anhui, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	7 days	26,977	8.1%
Supplier G . . .	A private company headquartered in Hubei, China, primarily engaged in construction and related engineering services	Construction services	2020	Progress-based payment	20,520	6.1%
Supplier H . . .	A private company headquartered in Jiangxi, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	15,470	4.6%
Supplier C . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	13,176	3.9%
Total					111,664	33.3%

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Supplier	Background	Products/ Services Purchased	Commencement of Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Total Purchase
<i>For the year ended December 31, 2023</i>						
Supplier G. . .	A private company headquartered in Hubei, China, primarily engaged in construction and related engineering services	Construction services	2020	Progress-based payment	46,409	8.3%
Supplier A. . .	A private company headquartered in Beijing, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	30 days	38,171	6.9%
Supplier F. . .	A private company headquartered in Anhui, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2023	7 days	33,472	6.0%
Supplier H. . .	A private company headquartered in Jiangxi, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	26,313	4.7%
Supplier C. . .	A private company headquartered in Guangdong, China, primarily engaged in provision of consulting and marketing services	Marketing and promotion services	2022	7 days	18,021	3.2%
Total					162,386	29.1%

To the best of our knowledge, (i) during the Track Record Period were Independent Third Parties; (ii) none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year during the Track Record Period.

CUSTOMERS

During the Track Record Period, our customers primarily consisted of our distributors. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year amounted to RMB787.9 million, RMB497.0 million and RMB492.2 million, respectively, accounting for 79.9%, 72.4% and 71.8% of our total revenue for the respective year, and revenue

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from our largest customer for each year amounted to RMB332.3 million, RMB170.4 million and RMB191.2 million, respectively, accounting for 33.7%, 24.8% and 27.9% of our total revenue for the respective year. The following table sets forth details of our five largest customers for each year during the Track Record Period:

Customer	Background	Products Provided	Commencement of Business Relationship	Credit Terms	Revenue Contribution (RMB in thousands)	% of Total Revenue
<i>For the year ended December 31, 2025</i>						
Customer A . .	A public company listed on the Stock Exchange, primarily engaged in sales and distribution of pharmaceutical products, medical devices and healthcare products, as well as provision of pharmaceutical supply chain services	Finished drug products	2019	0–90 days	191,227	27.9%
Customer B . .	A private company headquartered in Beijing, China, primarily engaged in sales and distribution of pharmaceutical products, as well as provision of pharmaceutical supply chain solution services	Finished drug products	2019	0–90 days	98,536	14.4%
Customer C . .	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, primarily engaged in R&D, sales and distribution of pharmaceutical products	Finished drug products	2020	0–60 days	95,415	13.9%
Customer D . .	A private company headquartered in Chongqing, China, primarily engaged in R&D, manufacturing, and sales and distribution of pharmaceutical products and medical devices	Finished drug products	2020	0–60 days	54,708	8.0%
Customer E . .	A private company headquartered in Guangdong, China, primarily engaged in provision of pharmaceutical supply chain solution services	Finished drug products	2020	0–45 days	52,318	7.6%
Total					492,204	71.8%

For the year ended December 31, 2024

Customer A . .	A public company listed on the Stock Exchange, primarily engaged in sales and distribution of pharmaceutical products, medical devices and healthcare products, as well as provision of pharmaceutical supply chain services	Finished drug products	2019	0–90 days	170,362	24.8%
Customer B . .	A private company headquartered in Beijing, China, primarily engaged in sales and distribution of pharmaceutical products, as well as provision of pharmaceutical supply chain solution services	Finished drug products	2019	0–90 days	145,128	21.2%
Customer C . .	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, primarily engaged in R&D, sales and distribution of pharmaceutical products	Finished drug products	2020	0–60 days	85,279	12.4%

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Customer	Background	Products Provided	Commencement of Business Relationship	Credit Terms	Revenue Contribution (RMB in thousands)	% of Total Revenue
Customer D . . .	A private company headquartered in Chongqing, China, primarily engaged in R&D, manufacturing, and sales and distribution of pharmaceutical products and medical devices	Finished drug products	2020	0–60 days	52,068	7.6%
Customer E . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of pharmaceutical supply chain solution services	Finished drug products	2020	0–45 days	44,210	6.4%
Total					497,047	72.4%

For the year ended December 31, 2023

Customer A . . .	A public company listed on the Stock Exchange, primarily engaged in sales and distribution of pharmaceutical products, medical devices and healthcare products, as well as provision of pharmaceutical supply chain services	Finished drug products	2019	0–90 days	332,303	33.7%
Customer B . . .	A private company headquartered in Beijing, China, primarily engaged in sales and distribution of pharmaceutical products, as well as provision of pharmaceutical supply chain solution services	Finished drug products	2019	0–90 days	204,958	20.8%
Customer C . . .	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, primarily engaged in R&D, sales and distribution of pharmaceutical products	Finished drug products	2020	0–60 days	107,637	10.9%
Customer D . . .	A private company headquartered in Chongqing, China, primarily engaged in R&D, manufacturing, and sales and distribution of pharmaceutical products and medical devices	Finished drug products	2020	0–60 days	94,248	9.6%
Customer E . . .	A private company headquartered in Guangdong, China, primarily engaged in provision of pharmaceutical supply chain solution services	Finished drug products	2020	0–45 days	48,731	4.9%
Total					787,877	79.9%

To the best of our knowledge, (i) all of our five largest customers for each year during the Track Record Period were Independent Third Parties; and (ii) none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest customers for each year during the Track Record Period.

INTELLECTUAL PROPERTY

We have a global portfolio of patents to protect our drug portfolio and technologies. As of the Latest Practicable Date, we owned (i) 107 issued patents, including 74 in Chinese Mainland, four in the U.S., and 29 in other jurisdictions, and (ii) 109 patent applications, including 54 in Chinese Mainland, nine in the U.S., five in Europe, 22 under the Patent Cooperation Treaty (PCT) and 19 in other jurisdictions. The following table summarizes the details of the granted patents and patent

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applications for our selected marketed products and key drug candidates. For details, see “Appendix V — Statutory and General Information — B. Further Information About our Business — 2. Intellectual Property Rights — (b) Patents.”

Related Product	Scope of Patent Protection	Category	Registration No./ Application No.	Jurisdiction	Patent Holders/ Applicants	Expiration Date ⁽¹⁾
Xiweina 希为纳®	Preparation method of lyophilized sivelestat sodium for injection (西維來司鈉注射用凍乾粉的製備方法)	Invention	ZL 201410155703.1	PRC	Our Company, Jiangsu Huilun	April 17, 2034
Zuoyu 佐愈®	Lyophilized levofolinic acid for injection, preparation method therefor, and pharmaceutical use thereof (左旋亞葉酸凍乾粉針劑、其製備方法及其藥物用途)	Invention	ZL 200710038300.9	PRC	Our Company, Jiangsu Huilun	March 22, 2027
Dinuo'an 蒂诺安®	A refining method of dienogest (一種地諾孕素的精製方法)	Invention	ZL 202011607152.X	PRC	Our Company, Jiangsu Huilun, Hubei Huilun	December 30, 2040
HL-1186	New sodium channel modulator compounds and use thereof (鈉通道調節劑新化合物及其應用)	Invention	PCT/CN2025/074442	WIPO	Our Company	N/A
HL-1186	A type of sodium channel modulator and use thereof (一種鈉通道調節劑及其應用)	Invention	CN202380061834.0	PRC	Our Company	N/A
HL-1186	New sodium channel modulator compounds and use thereof (鈉通道調節劑新化合物及其應用)	Invention	CN202510111474.1	PRC	Our Company	N/A
YD0293	A type of peptidyl nitrile compound and use thereof (一種肽基腈類化合物及其應用)	Invention	CN202380016085.X	PRC	Yidian Pharmaceutical	N/A
YD0293	Peptidyl nitrile compound and use thereof	Invention	US18/728249	U.S.	Yidian Pharmaceutical	N/A
YD0293	Peptidyl nitrile compound and use thereof	Invention	EP23739998.5	EPO	Yidian Pharmaceutical	N/A
YD0293	PEPTIDYL NITRILE COMPOUND AND USE THEREOF	Invention	US19/448,849	U.S.	Yidian Pharmaceutical	N/A
H057	Pharmaceutical composition for inhalation (吸入用藥物組合物)	Invention	CN202180087447.5	PRC	Our Company, Jiangsu Huilun	N/A
H057	Pharmaceutical composition for inhalation	Invention	US18/259964	U.S.	Our Company, Jiangsu Huilun	N/A
H057	Pharmaceutical composition for inhalation	Invention	EP21914456.5	EPO	Our Company, Jiangsu Huilun	N/A

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Notes:

- (1) Patent expiration does not include any applicable patent term extensions.
- (2) There are no expiration dates for patent applications (N/A).

As of the Latest Practicable Date, we had 240 registered trademarks including 231 in Chinese Mainland, and filed eight trademark applications. As of the same date, we were also the registered owner of five domain names and had 23 software copyrights.

Beyond our standard employment agreement, we enter into additional confidentiality agreements with all our R&D personnel, which provide that all relevant intellectual property rights developed by them during their employment with us should become our intellectual property and are treated as trade secrets. We also follow specific procedures, such as patent searches, to minimize the risk of infringing on the intellectual property rights of others. In 2026, we engaged Jingtian & Gongcheng to conduct freedom-to-operate searches and analyses (“**FTO Analysis**”) in China with respect to certain of our innovative drug candidates, including HL-1186 and YD0293. Our Directors confirm that no substantial risk of infringement had been identified from the FTO Analysis in relation to these drug candidates.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any proceedings involving claims of infringement of intellectual property rights which may have a material adverse effect on our business, financial condition and results of operations. See also “Risk Factors — Risks Relating to Intellectual Property Rights — We may from time to time be involved in legal proceedings and disputes to protect or enforce our intellectual property rights, or defend against infringement and other claims alleged by third parties, which could be expensive, time consuming and unsuccessful.”

COMPETITION

China’s pharmaceutical market is highly competitive, characterized by a number of large domestic and multinational pharmaceutical companies, as well as some smaller emerging pharmaceutical and biotechnology companies. We face competition from these companies in various aspects including brand recognition, R&D capabilities, marketing activities, sales network, product efficacy and safety, and pricing. Our marketed products primarily compete with those indicated for similar conditions as our products on the basis of efficacy, price, brand recognition, and general market acceptance by medical professionals and hospitals. We believe our continued success will depend on our ability to develop innovative products and advanced technologies, develop and maintain an extensive product portfolio, maintain efficient operations and reliable quality standards, attract and retain talent, obtain and maintain regulatory approvals, and effectively market and promote our products. For details of the risks relating to the competition we may face, see “Risk Factors.” For further details on market opportunities and competition related to our products, see “— Our Products” and “Industry Overview.”

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EMPLOYEES

As of December 31, 2025, we had 1,420 full-time employees, all of whom were based in China. The following table sets forth the number of our employees by function as of December 31, 2025.

Function	Number of Employees	Percentage
Research and development.	256	18.0%
Manufacturing ⁽¹⁾	187	13.2%
Sales and marketing	720	50.7%
General and administrative	257	18.1%
Total	1,420	100.0%

Note:

(1) Including quality management personnel.

We recruit our employees primarily through online recruitment, campus recruitment, and headhunter referral. We conduct new employee training, as well as tailored training programs for employees in different positions in accordance with our internal policy and procedures. We enter into employment agreements with our employees that cover matters such as compensation, benefits, intellectual property assignment clause and grounds for termination. The remuneration package of our employees primarily includes salary, bonus and share-based compensation, which are generally determined by their qualifications, industry experience, performance review, and seniority. We also enter into standard confidentiality and non-competition agreements with our employees. See also “— Environmental, Social and Governance Matters — Management Measures for ESG Issues — Employment Compliance.”

We have not established a labor union. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labor disputes or strikes that may had a material and adverse effect on our business, financial condition, or results of operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

We believe a robust Environmental, Social and Governance (“ESG”) management system serves as the cornerstone of our sustainable development. To effectively oversee and implement ESG initiatives and advance our objectives, we have established a systematic ESG governance structure: (i) Board of Directors: our Board holds ultimate responsibility as the highest governing body for managing, and the public disclosure of, our ESG matters; (ii) Audit Committee: our Audit Committee formulates ESG strategies, reviews ESG-related risks and material issues, monitors ESG performance against established targets, and evaluates ESG policies; and (iii) ESG Working Group: our ESG Working Group identifies and manages ESG-related matters and issues during our ordinary operations, and formulates relevant policies and action plans. It is also responsible for promoting ESG implementation, and public disclosure of ESG-related information.

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Identification and Assessment of ESG Risks

We place great importance on stakeholder engagement and proactively identify and respond to their expectations and concerns. Based on stakeholder focus areas, the nature of our business and third-party professional advice, we have identified the following material ESG issues, and analyzed their potential risks and opportunities:

Material Issues	Potential Risks/Opportunities
Environmental Protection	Environmental management is essential to corporate sustainability. An effective environmental management system reduces environmental impacts, protects ecosystems, and promotes balanced economic, social and environmental development.
Product Responsibility	Deficiencies in clinical trial design, inadequate production quality controls or insufficient post-market surveillance may result in patient harm, medical disputes, and damage to our reputation and market confidence.
Employee Rights and Development	Technical talent is critical to competitiveness. Attracting and retaining high-caliber professionals ensures the continuity and stability of our products and technologies.
Business Ethics and Anti-Corruption	Compliant operations foster stakeholder trust and promote long-term and healthy development of our business. Deficiencies in business ethics governance or misconduct may harm brand value, increase litigation and penalty costs, and affect market competitiveness.
Occupational Health and Safety	Occupational health and safety risks may result in reduced productivity, operational disruptions and compensation costs due to employee injuries.

In response to the ESG risks identified above, we have established corresponding risk prevention and control systems and management measures to minimize their potential impact on our operations. Through comprehensive and systematic policies and management frameworks, we effectively manage potential ESG-related risks and ensure sustainable development.

Identification and Assessment of Climate-related Risks and Opportunities

Climate change poses severe challenges to human well-being and the Earth’s ecosystem. We recognize the potential impacts of climate change risks on our business, including effects on our business and supply chain stability, reputational damage and increased transformation costs. Taking into account our actual conditions and industry trend analysis, we have identified the following climate-related risks and opportunities:

Risk Type	Climate-related Risks	Climate-related Opportunities
Physical Risks	Increasing frequency of extreme weather events and rising average temperatures caused by climate change may adversely affect our operations. If our or our key suppliers’ assets or facilities (such as R&D centers and laboratories) are located in areas vulnerable to floods, typhoons, wildfires or other natural disasters, we may incur additional costs for the maintenance or reconstruction.	/

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Risk Type	Climate-related Risks	Climate-related Opportunities
Transition Risks . . .	Against the backdrop of global policies and markets transitioning toward low-carbon development, we may face stricter GHG emission policies and regulatory requirements on information disclosure, leading to additional GHG management costs and potential litigation risks.	As national policies become more stringent and markets continue shifting toward low-carbon practices, we implement energy-efficient lighting and install photovoltaic systems to reduce energy waste and enhance energy efficiency, thereby strengthening our reputation as a green and low-carbon company.

To better address the risks caused by climate change, we will continue to optimize energy use and GHG emissions management. By integrating green offices, green R&D and green production into every aspect of our ordinary operations, we enhance energy efficiency, gradually explore the use of clean energy, and reduce our operational carbon footprint.

Environmental and Climate-related Indicators and Targets

Our environmental performance indicators during the Track Record Period were as follows:

Indicator	Unit	2023	2024	2025
Emissions				
GHG Emissions⁽¹⁾				
Scope 1 GHG Emissions	tCO ₂ e	13.47	12.50	9.22
Scope 2 GHG Emissions	tCO ₂ e	6,489.46	7,075.47	6,169.67
Scope 3 GHG Emissions	tCO ₂ e	9,926.91	7,030.90	6,676.41
Total GHG Emissions (Scope 1 + Scope 2)	tCO ₂ e	6,502.93	7,087.98	6,178.89
Intensity of GHG Emissions (Scope 1 + Scope 2)	tCO ₂ e/RMB10,000	0.07	0.10	0.09
Waste				
Total hazardous waste	ton	882.90	795.13	597.81
Intensity of hazardous waste	tons/RMB10,000	0.01	0.01	0.01
Use of Resources				
Water Resources				
Total water consumption	ton	73,206.00	46,041.00	38,038.00
Intensity of water consumption	tons/RMB10,000	0.74	0.67	0.55
Comprehensive Energy Consumption⁽²⁾				
Comprehensive energy consumption (direct)	MWh	55.98	51.58	38.01
Comprehensive energy consumption (indirect)	MWh	8,960.85	8,992.80	8,334.37
Total comprehensive energy consumption	MWh	9,016.83	9,044.38	8,372.38
Intensity of comprehensive energy consumption	MWh/RMB10,000	0.10	0.13	0.12

Notes:

- (1) Scope 2 GHG emissions include purchased electricity and steam. The data of Scope 2 GHG Emissions was calculated according to the 2022 average national grid emission factors set out in the *Announcement on Issuing the 2022 Electricity CO₂ Emission Factor* issued by the Ministry of Ecology and Environment. Scope 3 GHG emissions include purchased goods and services.
- (2) Comprehensive energy consumption indicators were calculated according to (GB/T 2589–2020) *General Rules for Calculation of the Comprehensive Energy Consumption* and other bases.

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Our environmental targets, which cover the R&D and manufacturing facilities that are currently in operation, are as follows:

GHG Emission Target We plan to reduce GHG emission intensity by 5% by 2026 compared to 2024.

Water Resource Target We aim to reduce water consumption intensity compared to 2024.

We consistently enhance the efficiency of water and energy usage while reducing the intensity of pollutant emissions. Aligned with our business conditions, we will optimize our environmental management system, and continuously manage and monitor the performance of energy and water management to guide our energy conservation and consumption reduction initiatives.

Management Measures for ESG Issues

Environmental Protection

We strictly comply with the laws and regulations where we operate, including the *Atmospheric Pollution Prevention and Control Law of the PRC* (《中華人民共和國大氣污染防治法》) and the *Water Pollution Prevention and Control Law of the PRC* (《中華人民共和國水污染防治法》). We have established comprehensive environmental management policies, including our *Energy Use Management Policy* and *Hazardous Waste Management Policy*, to continuously manage and monitor the environmental impact in our operations.

We have established a three-tier governance framework. General manager is responsible for setting environmental goals and approving resource allocation. The management level consists of the Environment, Health and Safety (“EHS”) department and an EHS working group. The EHS department leads policy development, monitors compliance, and oversees key processes such as wastewater pre-treatment, waste classification, and recycling. The EHS working group breaks down environmental targets into actionable tasks for each business unit and facilitates cross-functional emission reduction efforts.

Energy Conservation

By upgrading equipment and adopting clean energy alternatives, we actively promote green production and operations and are committed to reducing carbon emissions and environmental impact. The measures we have adopted include: (i) LED replacement: We have replaced 150 traditional lighting fixtures in new and existing API production lines with LED lights, saving approximately 54,000 kWh annually; (ii) Air conditioning optimization: The manufacturing system implements scheduled shutdown of air-conditioning units during non-production hours, which saves approximately RMB130,000 in electricity costs per month and significantly reduces unnecessary energy consumption; and (iii) Renewable energy application: Solar photovoltaic systems installed in our manufacturing facility and office areas in Hubei generate 360,000 kWh annually (equivalent to approximately 120 tons of standard coal), reducing carbon dioxide emissions by approximately 320 tons yearly and significantly lowering our carbon emission.

Emissions and Waste Management

We strictly manage the emission of exhaust gas, wastewater and waste from our production and operational activities. We have obtained pollution discharge permits for all production activities and are committed to achieving 100% compliance in wastewater discharge, air emissions, and noise control. Our management measures include: (i) Air pollutants: Air emissions generated from API production include material transfer exhaust, process exhaust, equipment cleaning exhaust, quality

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inspection exhaust and wastewater treatment exhaust, primarily consisting of volatile organic compounds. We employ a treatment system comprising “alkali spraying + demister + triple-canister resin adsorption and desorption” to ensure emission concentrations meet the Discharge Standards of Pollutants for Pesticides Manufacture; (ii) Water pollutants: The wastewater we generate includes production wastewater (such as cooling water and cleaning wastewater) and domestic sewage, with key pollutants being chemical oxygen demand and biochemical oxygen demand. We have designed and constructed a drainage system whereby wastewater is treated at an on-site wastewater station before discharged into the industrial park’s sewage network for final treatment by qualified entities; and (iii) Solid waste: Hazardous waste (such as used lubricating oil, spent activated carbon, and waste organic solvents) is packaged according to specifications, labeled and weighed by our EHS department, stored temporarily in hazardous waste warehouses before being transferred to qualified entities for compliant disposal.

Water Resource Management

The water conservation measures we have adopted include: (i) Condensate water recycling: We recycle steam condensate water in the API production process, reducing annual wastewater discharge by approximately 500 tons and significantly enhancing water resource utilization; and (ii) Water conservation awareness promotion: We promote water conservation awareness throughout the Company by posting water-saving reminders in water-use areas, encouraging employees to turn off taps promptly, prevent water leaks, and practice mindful water usage.

Packaging Material Management

Packaging recycling: We collaborate with suppliers through trade-in programs to recycle cardboard boxes and hardware consumables. We have optimized material packaging processes, such as using double-layer bags in upstream processes where the second layer does not contact materials directly and can be reused as waste bags in subsequent processes, reducing overall packaging consumption.

Packaging design optimization: For inner packaging materials, we reduce per-batch packaging consumption by optimizing layout design per board while maintaining consistent dimensions. For outer packaging boxes, we adjust size specifications (such as reducing length) to further decrease per-batch material requirements and minimize resource waste.

Product Responsibility

We adhere to our quality policy of “innovation first, rigor and pragmatism, quality above all and continuous improvement,” striving to meet our quality standards and satisfy customer requirements while ultimately ensuring the safety and efficacy of patient medication.

We conduct multi-dimensional annual quality reviews and organize internal and external quality audits to continuously improve our quality management system. During the Track Record Period, we successfully passed over 20 official inspections covering registration, GMP compliance, and regulatory supervision. In addition, we actively carry out internal and external quality training to enhance the quality awareness and capabilities of our employees. For details regarding our quality management measures, see “— Quality Management.”

We have established a comprehensive pharmacovigilance system to monitor, identify, assess and manage ADRs and other medication-related hazardous reactions, thereby minimizing drug safety risks and protecting and promoting public health. For details, see “— Quality Management — Post-marketing Surveillance.”

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Protection of Clinical Trial Participants

We are committed to safeguarding the rights and interests of clinical trial participants in strict compliance with applicable laws and regulations, including the *Drug Administration Law of the People’s Republic of China* (《中華人民共和國藥品管理法》), the *Administrative Measures for Drug Registration* (《藥品註冊管理辦法》), and the *Good Clinical Practice for Pharmaceutical Products* (《藥物臨床試驗品質管制規範》). In addition, we have implemented a series of internal standard operating procedures to provide full-spectrum protection for trial participants. Key measures we have adopted include: (i) Ethical review: All clinical trials must undergo review by an independent and impartial ethics committee; (ii) Informed consent: Prior to trial initiation, we are required to fully inform participants or their legal guardians of the purpose, procedures, potential risks, and benefits of the trial; and (iii) Participant protection: We explicitly assume responsibility for the diagnosis and treatment costs in the event of subject injury or death arising from the clinical trial. We are committed to providing timely and reasonable compensation or indemnification, thereby ensuring the health and legal rights of trial participants are fully protected.

Compliant Marketing Practices

We conduct all marketing and promotional activities in strict accordance with applicable laws and regulations. The design and production of our product packaging and labeling strictly follow the Provisions for the Administration of Drug Instructions and Labels (Order No. 24 of the NMPA) (《藥品說明書和標籤管理規定(局令第24號)》), ensuring the accuracy, clarity, and regulatory compliance of all product-related information.

Supplier Management

We are committed to building a reliable and sustainable supply chain and continuously enhancing our supplier management capabilities in support of stable operations and long-term growth. We have established the Supplier Management Procedure, which sets out standardized processes for supplier onboarding, approval, regular review, and change management. These procedures aim to regulate and improve the overall quality and consistency of our supplier management. At the supplier onboarding stage, our procurement team collects key information from potential suppliers and conducts preliminary assessments through questionnaires and on-site audits. Only suppliers that pass joint reviews and on-site audits conducted by multiple departments, including procurement, quality management, and technical teams, are approved for inclusion.

In terms of ongoing oversight, we conduct annual quality evaluations for suppliers involved in commercial production. These evaluations cover key metrics such as supply stability, audit compliance, delivery timeliness, and after-sales service. Suppliers are assessed using a standardized annual supplier quality evaluation form. We also take into consideration suppliers’ performance in ESG aspects as part of our overall supplier evaluation framework, for the purpose of promoting sustainable practices across the supply chain.

Anti-corruption

We continue to enhance our anti-corruption compliance framework through the establishment of internal policies and codes, including our Code of Business Ethics and related guidelines and rules addressing specific forms of misconduct. We have also established clear whistleblowing and complaint procedures, together with monitoring and supervisory mechanisms, to ensure timely identification and remediation of violations. We provide regular training, including mandatory induction and periodic refresher courses, to strengthen our employees’ understanding and

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implementation of policies concerning anti-bribery, extortion, fraud and anti-money laundering. All sales and marketing employees and third-party promoters are required to sign a compliance undertaking, ensuring consistent adherence to our compliance standards on anti-corruption.

Employment Compliance

We strictly comply with applicable labor and employment laws and regulations in the PRC. We have established internal policies such as the Recruitment and Employment Management Policy to ensure fair and lawful employment practices. We prohibit all forms of discrimination based on race, religion, gender, age, marital status, or any other protected characteristic, and strictly forbid the use of child labor or forced labor. We enter into employment contracts with all of our employees pursuant to applicable laws, and make contributions to their social insurance and housing provident funds. We have built a fair and transparent hiring and employment system. We maintain a competitive compensation framework based on the principle of equal pay for equal work. We regularly benchmark our compensation structure against industry standards.

Employee Training and Development

We recognize talent development as a core resource for sustainable growth and have established comprehensive training management systems, including Training Management Procedures (Manufacturing) and Employee Training Management Procedures. We design systematic curricula and implement rigorous assessments to ensure employees acquire the theoretical knowledge and practical skills required for their roles.

We have also established clear career progression frameworks that enable employees to advance based on merit and performance. We conduct regular, multi-dimensional performance evaluations to provide comprehensive and objective assessments of employee contributions. A multi-party review mechanism has also been adopted within the promotion process for the purpose of fairness and transparency.

Occupational Health and Safety

We have formulated an occupational health and safety management system and established the Employee Physical Examination Management Procedures according to relevant laws and regulations. We identify hazardous positions and associated risk factors every year, specify the requirements for pre-job, on-the-job and post-job occupational health examinations, and maintain individual health records for each employee. New or reassigned employees in hazardous roles are informed of occupational risk factors in advance, required to sign acknowledgment forms, provided with appropriate protective equipment, and given education and training. During employment, annual physical examinations are conducted, and job reassignment plans are developed to reduce exposure risks. In addition, we organize annual training sessions on health, hygiene and workplace safety, and hold emergency drills such as fire safety exercises.

With respect to production safety, we have strengthened the management of hazardous chemicals by implementing standardized procedures covering classification, labeling, storage, and disposal. Relevant departments prepare and strictly implement annual production safety training plans, including a series of training such as hazardous chemical handling and emergency response exercises. We have maintained a 100% training completion rate, reinforcing our preventive safety culture.

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Social Welfare

We actively fulfill our corporate social responsibilities by supporting public health, education, and rural development initiatives. We sponsor local badminton tournaments to promote fitness and community engagement through sports. We support equal access to education by funding the construction of a village library in Yunnan, helping to create learning opportunities for children in remote areas. During the Track Record Period, we invested RMB5.9 million in public welfare and charity programs.

PROPERTIES

Owned Properties

As of December 31, 2025, we owned land use rights to one parcel of land in Zhijiang, Hubei, China, with an aggregate site area of approximately 126,307.8 square meters. As of the same date, there were three constructions in project on these parcels, which are intended for use as our manufacturing facilities. See also “— Manufacturing — Manufacturing Facilities.” We hold the valid titles for these parcels of land.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), we need to comply with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group’s interests in land or buildings, as we have property interest with a carrying amount of 15% or more of our consolidated total assets. The property valuation report produced by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, set out in Appendix III to this document sets forth details of our owned land use right and constructed buildings thereon as of February 28, 2026. Asia-Pacific Consulting and Appraisal Limited valued these property interests at an amount of approximately RMB271.4 million as of February 28, 2026, including (i) market value in existing state of RMB116.7 million as of February 28, 2026, which does not take into account buildings on the property whose title certificates have not been obtained, and (ii) depreciated replacement cost of these buildings (excluding land element) of RMB154.7 million as of February 28, 2026, assuming the relevant title certificate has been obtained and they could be freely transferred. Save for the property interests disclosed in Appendix III to this document, no single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

Leased Properties

As of December 31, 2025, we leased 19 properties in Shanghai and Taizhou, primarily for our R&D and manufacturing facilities and office use, with an aggregate GFA of approximately 33,669 square meters. Our leases generally have a term ranging from three to 10 years. We assess the renewal of each lease individually at expiration, taking into account our business needs and the availability of alternative spaces. See also “Risk Factors — Risks Relating to Our Operations — Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.”

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INSURANCE

We maintain insurance policies as required by the applicable laws and regulations as well as based on our assessment of our operational needs and industry practice. Our insurance policies cover potential personal injury or property damage to subjects during clinical trials, liability insurance for workplace safety, and life science product liability insurance covering personal injuries or property damages caused by product defects or accidents. In line with industry practice, we have elected not to maintain certain types of insurances, such as business interruption insurance or key person life insurance. We believe that our existing insurance coverage is adequate for our current operations and consistent with the industry practice. See also “Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.”

We are also required to make contributions to the social insurance and housing provident funds in accordance with relevant PRC laws and regulations. See also “Risk Factors — Risks Relating to Our Operations — Failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.”

AWARDS AND RECOGNITION

The table below sets forth a summary of the key awards and recognitions we have received.

Year	Award/Recognition	Granting Authority
2025	High-tech Enterprise (高新技術企業)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
2025	Shanghai Municipal Enterprise Technology Centres (上海市級企業技術中心)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2025	Shanghai High-tech Achievement Transformation Project (Dienogest Tablets) (上海市高新技術成果轉化項目 — 地諾孕素片)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
2024	Shanghai High-tech Achievement Transformation Project (Levofolinic Acid for Injection) (上海市高新技術成果轉化項目 — 注射用左亞葉酸)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
2024	Specialized, Sophisticated, Distinctive, and Innovative SME in Shanghai (2024–2027) (上海市「專精特新」中小企業 (2024年–2027年))	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2024	Top 100 Research and Development of Chemical Drugs in China (中國化藥研發實力100強)	China Pharmaceutical R&D Innovation Summit (中國醫藥研發 • 創新峰會)
2024	Top 10 Pharmaceutical Enterprises (十大醫藥先鋒企業)	MD Weekly (《醫師報》社)
2022	Shanghai Science and Technology Little Giant Enterprise (上海市科技小巨人)	Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)

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LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, examinations and audits, and are required to maintain or renew the necessary permits, licenses and certifications for our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in the PRC. The table below sets forth the relevant details of the material licenses and permits we currently hold.

License/Permit	Holder	Issuing Authority	Issue Date	Expiration Date
Drug Production License (藥品生產許可證) (滬20220242)	Our Company	Shanghai Medical Products Administration	June 11, 2025	May 18, 2027
Drug Production License (藥品生產許可證) (蘇20160408)	Jiangsu Huilun	Jiangsu Medical Products Administration	July 14, 2025	September 25, 2030
Drug Production License (藥品生產許可證) (鄂20240481)	Hubei Huilun	Hubei Medical Products Administration	June 13, 2025	October 23, 2029
Pollutant Discharge Permit (排污許可證)	Jiangsu Huilun	Taizhou Bureau of Ecology and Environment	December 29, 2023	December 28, 2028
Pollutant Discharge Permit (排污許可證)	Hubei Huilun	Yichang Bureau of Ecology and Environment	September 8, 2023	September 7, 2028

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to maintaining high standards of compliance with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, none of us or our Directors were involved in any litigation, arbitration or administrative proceedings which could have a material and adverse impact on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management’s time and attention. For a discussion of the potential impact of legal or administrative proceedings on us, see “Risk Factors — Risks Relating to Our Operations — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.”

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. See “Risk Factors” for a discussion of the key risks and uncertainties we may face. We have established our risk management systems to identify, assess, monitor and mitigate the risks that may hinder our success including strategic risks, operational risks, financial risks and legal risks.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will continue to adopt, among other things, the following risk management measures.

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- Our Board will continue to oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving annual working plan and annual report of our corporate risk management; (iii) monitoring the most significant risks associated with our business operation and evaluating our management’s handling of such risks; (iv) assessing our corporate risk in the light of our corporate risk tolerance; and (v) ascertaining the appropriate application of our risk management framework across our Group.
- Our finance, legal, human resources and other relevant departments will be responsible for (i) developing our risk management policy and reviewing major risk management issues within our Company; (ii) creating the annual risk management plan and report; (iii) offering guidance on our risk management approach to relevant departments and supervising the implementation of our risk management policy; (iv) reviewing reports on key risks from relevant departments and providing feedback; and (v) conducting education and training related to risk management.
- Our finance, legal, human resources and other relevant departments will be responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. To standardize risk management across our Group and establish a common level of transparency and performance, these departments will (i) gather information about risks related to their operations or functions; (ii) conduct risk assessments, which include identifying, prioritizing, measuring, and categorizing all key risks that could potentially impact their objectives; (iii) continuously monitor key risks related to their operations or functions; (iv) implement appropriate risk responses as needed; (v) develop and maintain mechanisms to facilitate the application of our risk management framework; and (vi) promptly report any material risks to relevant departments.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant, or the Internal Control Consultant, to perform certain agreed-upon procedures, or the Internal Control Review, in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group’s entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, human resources and payroll management, general controls of IT system, taxation management, contract management, and other procedures of our operations. The Internal Control Consultant performed reviews on the internal control systems of our Group during January 2026. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group’s internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement.

- We have implemented a range of measures and procedures covering various aspects of our business operations, including related party transactions, risk management, anti-bribery and anti-corruption, sanctions law compliance, intellectual property protection, environmental protection, and occupational health and safety. For more information, see “— Intellectual Property” and “— Environmental, Social and Governance Matters.” As part of our employee training program, we regularly provide training on these measures and procedures to our staff.

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- Our Directors, who are responsible for overseeing the corporate governance of our Group, will, with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations following the [REDACTED].
- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.
- We have engaged Somerley Capital Limited as our compliance advisor to provide advice to our Directors and management team until the end of the first fiscal year after the [REDACTED] regarding matters relating to the Listing Rules. Our compliance advisor is expected to ensure our use of funding complies with the section headed “Future Plans and [REDACTED]” in this document after the [REDACTED], as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, (i) Mr. Dong directly held 27.04% of our total issued Shares and, as the general partner of each of Yuyi Enterprise Management, Feihe Enterprise Management and Yunbai Enterprise Management, was entitled to exercise the voting rights attached to an aggregate of 3.07% of our Shares held by such entities; (ii) Dong Zhu, the son of Mr. Dong, directly held 9.22% of our total issued Shares; (iii) Ms. Wang, the spouse of Mr. Dong, directly held 2.63% of our total issued Shares; and (iv) Mr. Dong and Dong Zhu, through Shanghai Xintian, which is owned as to 50.0% by Mr. Dong and 50.0% by Dong Zhu, were interested in approximately 28.04% of the total issued share capital of Xintian Pharmaceutical. Xintian Pharmaceutical directly held 15.46% of our total issued Shares. Pursuant to the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》) (the “**SZSE Listing Rules**”) where Xintian Pharmaceutical is listed, an “controlling shareholder (under PRC Company law)” refers to an individual or entity that can control a company by way of investment relationship, contracts or other arrangements. Shanghai Xintian held approximately 28.04% equity interest in Xintian Pharmaceutical as of the Latest Practicable Date and is deemed as the controlling shareholder of Xintian Pharmaceutical under the SZSE Listing Rules. Consequently, Mr. Dong, Dong Zhu, Ms. Wang, Shanghai Xintian, Yuyi Enterprise Management, Feihe Enterprise Management, Yunbai Enterprise Management, and Xintian Pharmaceutical, constitute a group of our Controlling Shareholders, collectively entitled to exercise the voting rights attached to approximately 57.42% of our total issued share capital as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be entitled to exercise the voting rights attached to approximately [REDACTED]% of our total issued share capital.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Established in 1995 and listed on the Shenzhen Stock Exchange in 2017 (stock code: 002873), Xintian Pharmaceutical is principally engaged in R&D, manufacturing and sales of traditional Chinese medicines. Shanghai Xintian is a holding platform.

Yuyi Enterprise Management, Feihe Enterprise Management, Yunbai Enterprise Management, being our incentive platforms, are also our Controlling Shareholders as the general partner of each of them is Mr. Dong. For further details, please see “History and Corporate Structure — Incentive Platforms.” Mr. Dong and Ms. Wang are spouses. For background of Mr. Dong and Dong Zhu, please see “Directors and Senior Management” in this document.

DELINEATION OF BUSINESS

There is a clear delineation between the business of Xintian Pharmaceutical (the “**Excluded Business**”) and our business. The table below sets forth the principal businesses of our Group and the Xintian Group:

Our Group:	R&D, manufacturing, and commercialization of small-molecule chemical drugs, focusing on a number of therapeutic areas such as immunology and inflammation, pain management, oncology, and other chronic disorders.
Xintian Pharmaceutical:	R&D, manufacturing and sales of traditional Chinese medicines, focusing on a number of therapeutic areas such as gynecology, genitourinary, and heat-clearing and detoxifying (清熱解毒, a traditional chinese medicine concept).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

We believe that there is clear delineation between our Group and Xintian Pharmaceutical on the following basis:

Xintian Pharmaceutical is primarily engaged in the research, development, manufacturing and sales of traditional Chinese medicine products. The key products of Xintian Pharmaceutical include Heyan Kuntai Capsule (和颜®坤泰胶囊) Kunlishu Sophorae Flavescentis Gel (坤立舒®苦参凝胶), and Ningmitai Capsule (宁泌泰®宁泌泰胶囊), which are all classified under the CFDA/NMPA Chinese medicine catalogue. Its product portfolio is principally focused on gynecological and urinary system diseases and also extends to a broad range of other therapeutic areas, including oral diseases, breast and thyroid diseases, anti-cold treatments, heat-clearing medicines, blood-tonifying medicines, cardiovascular diseases and anti-tumor treatments. Such products constitute the core business of Xintian Pharmaceutical and are supported by its strong historical revenue contribution.

Compared to our Group, the key products of our Group predominantly are small-molecule chemical drugs with single active pharmaceutical ingredients, which are developed based on modern pharmacological principles and targeted at clearly defined indications, including immunology and inflammation, oncology, and other chronic conditions. The key marketed products of our Group include Xiweina (希为纳®), Zuoyu (佐愈®), Kangmairui (康迈瑞®), Li'erban (利尔班®), and Dinuo'an (蒂诺安®). The respective products of our Group and Xintian Pharmaceutical are indicated for different diseases, and their therapeutic applications do not overlap.

Notwithstanding that Xintian Pharmaceutical and our Group have certain overlapping product presence in the broad gynecology and andrology fields, the respective products differ materially in terms of drug category, composition, therapeutic mechanism, regulatory classification and clinical application scenarios.

Company	Products	Targeted illness	Indication	CFDA classification
Xintian Pharmaceutical.	Heyan Kuntai Capsule (和颜®坤泰胶囊)	Menopausal syndrome	Used for menopausal syndrome, with symptoms including hot flushes, spontaneous sweating, night sweats, insomnia, dizziness, tinnitus, soreness of the waist and knees and ovarian function decline	Chinese medicine
	Ningmitai Capsule (宁泌泰®宁泌泰胶囊)	Urinary tract diseases	Used for stranguria caused by damp-heat accumulation, including urinary tract infection and chronic prostatitis	Chinese medicine
	Kunlishu Sophorae Flavescentis Gel (坤立舒®苦参凝胶)	Gynecological inflammatory diseases	Antibacterial and anti-inflammatory. Used for cervical erosion, abnormal vaginal discharge, trichomonas vaginitis and fungal vaginitis	Chinese medicine
Our Group	Xiaoxiong (枭雄®)	Erectile dysfunction (ED)	Used for the treatment of erectile dysfunction	Small-molecule chemical drug
	Dinuo'an (蒂诺安®)	Endometriosis	Used for the treatment of endometriosis	Small-molecule chemical drug
	Qianweilai (前卫泰®)	Benign prostatic hyperplasia (BPH)	Used for the treatment of signs and symptoms associated with benign prostatic hyperplasia	Small-molecule chemical drug

As illustrated above, the products of Xintian Pharmaceutical are generally designed for syndrome-based treatment and long-term regulation, whereas the products of our Group are prescribed for specific diseases with defined diagnostic criteria and treatment objectives. In addition, the key licences, permits and product registrations (including the drug production licence, the product manufacturing permit, and drug registration) are also issued in their respective names and are independent of each other. Accordingly, our Directors are of the view that the products of

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Xintian Pharmaceutical and those of our Group target different patient populations and form different market segmentation, and therefore there is no competition between the products of Xintian Pharmaceutical and those of our Group.

Based on the above, we are of the view that the products of Xintian Pharmaceutical and our Group are clearly distinguishable in terms of product focus, technological basis, therapeutic indications, market positioning, and independent regulatory approvals and operations.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders after the [REDACTED].

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operation independently from our Controlling Shareholders and their respective close associates and will continue to do so after the [REDACTED].

During the Track Record Period, we conducted several transactions with our Controlling Shareholders and their associates, and such transactions are expected to continue upon the [REDACTED] and will constitute continuing connected transactions under Chapter 14A of the Listing Rules. For more details, please refer to the section headed “Connected Transactions” in this document. However, having regard to the nature, scope and transaction amounts of such continuing connected transactions, our Directors are of the view that such transactions are not significant to our Group and do not affect our operational independence, as (i) such transactions are conducted in the ordinary and usual course of business, on normal commercial terms and are non-exclusive in nature; (ii) the relevant products and services may be sourced from or provided by independent third parties on comparable terms, and we are not reliant on our Controlling Shareholders or their associates for our core operations. We are able to switch to independent counterparties without material disruption to our operations; and (iii) our Group maintains independent management, decision-making, financial, procurement and operational systems, and the pricing and terms of such transactions are subject to appropriate internal control procedures and Audit Committee oversight.

Accordingly, our Directors consider that the continuing connected transactions do not give rise to any undue reliance on our Controlling Shareholders and do not impair the independence of our Group.

Research and Development

We have registered our own intellectual property rights relating to relevant technologies for our businesses, and holds all of the relevant material licenses and qualifications required for conducting our Group’s business separately and independently from our Controlling Shareholders and their respective close associates.

We have our own R&D team covering all key functions from clinical development to new drug registration, which is independent from the R&D team of Xintian Pharmaceutical. As of December 31, 2025, our R&D team comprised 256 members, who are all full-time employees of our Group and are not holding any position in our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Procurement

We are able to procure raw materials independently and to negotiate and enter into procurement agreements with raw material suppliers separate from Xintian Pharmaceutical. Our Group and Xintian Group have been and will be carrying out their respective selection of suppliers independently in accordance with their respective supplier management system.

For the years ended December 31, 2023, 2024 and 2025, the total transaction amount with the top 10 suppliers of the Group represented 42.5%, 44.5% and 44.0% of the total procurement amounts of the Group. During the Track Record Period, there were no overlapping parties between the top 10 suppliers of the Group and the top 10 suppliers of Xintian Group.

Sales and Marketing

For the years ended December 31, 2023, 2024 and 2025, the total transaction amount with the top 10 customers of the Group represented 87.4%, 84.0% and 79.2% of the total transaction amounts of the Group. During the Track Record Period, there were seven overlapping parties between the top 10 customers of the Group and the top 10 customers of Xintian Pharmaceutical. The existence of such overlapping distributors can be attributed to the following reasons: (i) Xintian Pharmaceutical has a well-established commercial presence in the PRC’s pharmaceutical market, supported by an extensive distribution network nationwide. Given the strength of this robust network, it is neither commercially viable nor necessary for our Group to exclude these distributors solely based on their existing relationships with Xintian Pharmaceutical. Excluding these distributors would unnecessarily limit market access and weaken competitive positioning in key regions, which would not serve the interests of our Group or its Shareholders. (ii) According to Frost & Sullivan, the number of distributors in the PRC that meet the stringent qualifications necessary for pharmaceutical distribution is relatively limited. Many of the overlapping distributors engaged by different pharmaceutical companies are leading pharmaceutical distribution groups with established market positions. Frost & Sullivan confirms that it is a common practice within the pharmaceutical industry, both for innovation-driven pharmaceutical companies and traditional pharmaceutical companies, to share distributors when few possess the necessary scale and qualifications.

Notwithstanding the existence of the overlapping distributors and their revenue contribution to our Group, Xintian Pharmaceutical and our Group entered into distribution agreements with their distributors independently. The distribution agreements of Xintian Pharmaceutical and our Group are not bundled together, and neither Xintian Pharmaceutical nor our Group will generate any benefits by virtue of the sales of the other to the overlapping distributors. Both Xintian Pharmaceutical and our Group have the autonomy to negotiate sales terms independently with overlapping distributors, without any restrictions or interference from the other party. We have been developing, and will continue to develop our own distribution channel independent of that of Xintian Pharmaceutical upon [REDACTED].

Administrative Independence

We have an independent R&D center, full-time management team and team of staff to carry out our own administration and operation independent of our Controlling Shareholders. Upon [REDACTED], the support services comprising accounting, administration, corporate secretarial, compliance and human resource management will also continue to be handled by a team of staff employed directly by our Group and are separated from our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our Board is comprised of eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. Except for Mr. Dong, our Group and Xintian Pharmaceutical have their respective directors and management teams independent of each other. Mr. Dong currently serves as the chairman and general manager of Xintian Pharmaceutical. As Mr. Dong only holds a directorship of our Company with non-executive nature, he is not involved in day-to-day management of affairs and operations of our Group.

Our Directors are of the view that each of Xintian Pharmaceutical and our Group will be managed and will operate independently of each other in the interests of their respective shareholders as a whole on the following basis: (i) none of our executive Directors and senior management members, who are responsible for the day-to-day management of our Group’s business, has any ongoing managerial role with Xintian Pharmaceutical; (ii) save for Mr. Dong who is our non-executive Director, none of the Directors or senior management members of our Company holds positions within Xintian Pharmaceutical, and vice versa; (iii) should there be a conflict of interest or a connected transaction between our Group and members of Xintian Pharmaceutical, the relevant common directors, if any, will abstain from voting on, and will not be counted in the quorum for, the relevant board resolution(s) of our Company and relevant member(s) of Xintian Pharmaceutical; and (iv) our Company will adopt corporate governance policies, including but not limited to, rules relating to the procedure for Board meetings and decision-making protocols on connected transactions, setting out circumstances that require the relevant common directors to abstain from voting on, and not to be counted in the quorum for, the relevant board resolutions.

Financial Independence

We have established our own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company’s financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their close associates.

As of the Latest Practicable Date, save for certain guarantees provided by our Controlling Shareholder, Mr. Dong, Dong Zhu, and Shanghai Xintian in favour of the Group, there was no outstanding loan, advance or balance of a non-trade nature due to or from, nor any pledge provided by, our Controlling Shareholders or their respective close associates. The aforesaid guarantees are expected to be fully released and discharged prior to the [REDACTED]. We do not expect to rely on our Controlling Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the net [REDACTED] from the [REDACTED]. For our historical equity financing activities, please refer to the paragraphs headed “History and Corporate Structure — Pre-[REDACTED] Investments” in this document.

Based on the above, our Directors believe that we do not place undue reliance on our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Upon [REDACTED], we will comply with the provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in the protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interest between our Group and Controlling Shareholders: (i) where a Board meeting is held for the matters in which any Directors has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting; (ii) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, the relevant member in our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting; (iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders’ approval requirements (if applicable) under the Listing Rules; (iv) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing experienced and professional advice to protect the interests of our minority Shareholders; (v) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and any Controlling Shareholder and provide impartial and professional advice to protect the interests of our minority Shareholders; (vi) our Controlling Shareholders will provide our independent non-executive Directors with all relevant financial, operational and market and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review; (vii) our Company shall disclose the decisions of the independent non-executive Directors either in its interim and/or annual reports or by way of announcements as required by the Listing Rules; (viii) our Directors shall reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expense; (ix) we have established our Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules; (x) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; (xi) we have appointed Somerley Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to corporate governance, Directors’ duties and internal controls; (xii) in accordance with the Corporate Governance Code, our Company will conduct a formal evaluation of the performance of the Board at least once every two years. The Board will access, among others, (a) the effectiveness of the Board in identifying, managing and mitigating conflicts of interest, in particular those involving our Controlling Shareholders; (b) the independence, objectivity and active contribution of each independent non-executive Director in safeguarding the interests of minority Shareholders; and (c) the functioning and effectiveness of the Board committees, including the Audit Committee’s oversight of connected transactions. The findings of the Board performance evaluation will be reported to the Board and, where appropriate, disclosed in the Corporate Governance Report in our annual report; and (xiii) our Company will establish and maintain a whistleblowing mechanism as part of its

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RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

internal control and corporate governance framework, under which Shareholders and employees may confidentially raise concerns, including matters relating to potential conflicts of interest, which will be reviewed by the Audit Committee.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders to protect minority Shareholders’ rights after the [REDACTED].

CONNECTED TRANSACTIONS

OVERVIEW

We will engage in certain transactions with our connected persons after the [REDACTED], which will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The following persons, with whom we have entered into certain transaction in our ordinary course of business, will become our connected persons as defined under the Listing Rules upon completion of the [REDACTED]:

Connected persons	Connected relationship
Hainan Haitai Medical Technology Co., Ltd. (海南海泰醫療科技有限公司) (“ Hainan Haitai ”)	Hainan Haitai is controlled by Mr. Dong Wei, the relative of Mr. Dong, our Director and one of our Controlling Shareholders, and therefore a connected person of us.
Shanghai Shuofang Pharmaceutical Technology Co., Ltd. (上海碩方醫藥科技有限公司) (“ Shanghai Shuofang ”)	Shanghai Shuofang is a wholly-owned subsidiary of Xintian Pharmaceutical, one of our Controlling Shareholders, and therefore a connected person of us.
Shanghai Jinzhu Information Technology Co., Ltd. (上海錦竺信息科技有限公司) (“ Shanghai Jinzhu ”)	Shanghai Jinzhu is indirectly controlled by Mr. Dong Zhu, our Director and one of our Controlling Shareholders, and therefore a connected person of us.
Guangzhou Youyi Health Pharmaceutical Chain Co., Ltd. (廣州市優醫健康藥業連鎖有限公司)	Guangzhou Youyi is indirectly controlled by Mr. Dong Zhu, our Director and one of our Controlling Shareholders, and therefore a connected person of us.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which will be exempted from the reporting, annual review, announcement, circular and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Sales of Pharmaceutical Products

During the Track Record Period, our Group sold pharmaceutical products to Hainan Haitai from time to time. Such transactions were entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm’s length basis, and (iii) on normal commercial terms with the consideration being determined with reference to, among others, the market price of the pharmaceutical products and are expected to continue after [REDACTED].

Procurement of Technology Services

During the Track Record Period, our Group procured technology services from Shanghai Shuofang from time to time. Such transactions were entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm’s length basis, and (iii) on normal commercial terms with the consideration being determined with reference to, among others, the costs, the quantities, the quality and reliability of such services and the prevailing market conditions. and are expected to continue after [REDACTED].

CONNECTED TRANSACTIONS

Procurement of Operational Support Services

During the Track Record Period, our Group procured operational support services from Shanghai Jinzhu from time to time. Such transactions were entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm’s length basis, and (iii) on normal commercial terms with the consideration being determined with reference to, among others, the costs, the quantities, the quality and reliability of such services and the prevailing market conditions. and are expected to continue after [REDACTED].

As the transactions contemplated under the Sales of Pharmaceutical Products, the Procurement of Technology Services and the Procurement of Operational Support Services above will be conducted in the ordinary and usual course of business and on normal commercial terms or better, and the highest applicable percentage ratio for the fees payable by our Group is expected to be less than 5% on an annual basis and the fees payable by our Group thereunder on an annual basis is expected to be less than HK\$3,000,000, such transaction will be fully exempted from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1)(c).

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Pharmaceutical Products Sales Framework Agreement

Principal Terms

On [•], our Company, for itself and on behalf of its subsidiaries, entered into a pharmaceutical products sales framework agreement (the “**Pharmaceutical Products Sales Framework Agreement**”) with Guangzhou Youyi, pursuant to which our Group will sell pharmaceutical products to Guangzhou Youyi.

The initial term of the Pharmaceutical Products Sales Framework Agreement will commence on the [REDACTED] and end on [REDACTED] and may be renewed subject to the relevant requirements under the relevant laws, regulations, and the Listing Rules. Our Group and Guangzhou Youyi will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Pharmaceutical Products Sales Framework Agreement.

Reasons for the Transaction

We sell pharmaceutical products directly to retail pharmacies as part of our ordinary and usual course of business, while Guangzhou Youyi, as a chain pharmacy, procures pharmaceutical products in its ordinary and usual course of business to meet its customer needs. Therefore, there is a recurring need for Guangzhou Youyi to purchase pharmaceutical products from us.

CONNECTED TRANSACTIONS

Similar to Independent Third Parties, both our Group and Guangzhou Youyi are required to undergo respective selection and approval procedures, as well as the commercial negotiation process, before establishing a seller-buyer relationship. Our Group has developed a long-term and stable business relationship with Guangzhou Youyi, which has also become one of our Group’s reliable and stable sales channels for the pharmaceutical products. We are familiar with their procurement and delivery requirements, enabling us to supply pharmaceutical products efficiently to meet their operational needs. Furthermore, this transaction does not restrict us from collaborating with other retail pharmacies, as we will only supply pharmaceutical products to Guangzhou Youyi if both parties mutually agree that it is in the best interests of our Group, Guangzhou Youyi, and their respective shareholders as a whole.

Guangzhou Youyi is selected as a preferred partner under similar or comparable terms due to its market reputation, ample experience, solid foundation in the pharmaceutical retail industry, and the long-standing business relationship we have built together.

Pricing Policy

The prices for the pharmaceutical products provided by our Group to Guangzhou Youyi will be no more favourable than those offered by our Group to other direct sales customers who are Independent Third Parties for comparable transactions, and will be determined by our Group and Guangzhou Youyi through arm’s length negotiations with reference to, among others, (i) the medical insurance listed price for NRDL-included products; and (ii) the prices offered by our Group to other direct sales customers who are Independent Third Parties for the relevant pharmaceutical products.

Historical Amounts

The historical transaction amounts of our sales of pharmaceutical products to Guangzhou Youyi were approximately RMB2.68 million, RMB1.92 million and RMB2.62 million, for the years ended December 31, 2023, 2024 and 2025, respectively.

Annual Cap and Basis of Caps

Our proposed annual cap for the transactions under the Pharmaceutical Products Sales Framework Agreement for the financial year ending December 31, 2026 is RMB3.8 million.

The proposed annual caps have been carefully determined on the basis of prudent commercial assumptions and realistic business estimations. We have taken into account the following key factors: (a) the historical transaction amounts under similar sales arrangements during the Track Record Period, which provide a reliable foundation and benchmark for future cap projections; (b) the anticipated growth in demand from our direct sales customers, driven by the overall expansion of both the prescription and over-the-counter pharmaceutical markets and further catalyzed by macro and sector-specific factors such as aging demographics, rising healthcare awareness and expanding chronic disease management needs; (c) the potential impact of rising costs associated with production, logistics and compliance, particularly in light of inflationary pressures and evolving pharmaceutical industry regulations, which may influence the pricing and volume of product sales; and (d) the expected launch of new pharmaceutical products and potential expansion into new regional or therapeutic markets, which may create additional transaction volumes and necessitate a forward-looking and flexible cap structure to accommodate growth opportunities.

CONNECTED TRANSACTIONS

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Pharmaceutical Products Sales Framework Agreement for the year ending December 31, 2026, calculated for the purpose of Chapter 14A of the Listing Rules, is higher than 0.1% but below 5% on an annual basis, such transaction will, upon [REDACTED], constitute a continuing connected transaction of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the circular and independent Shareholders’ approval requirements under Rule 14A.36 of the Listing Rules.

INTERNAL CONTROL PROCEDURES

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Pharmaceutical Products Sales Framework Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- (i) We have adopted a connected transaction management policy to ensure that connected transaction will be conducted fairly, on normal commercial terms, and in the interests of our Company and our Shareholders as a whole.
- (ii) Prior to the execution of the underlying agreements under the continuing connected transaction, the business management department of our Group will thoroughly understand the true condition of the transaction target and the integrity record, credit status, and performance capability of the counterparty; carefully assess the necessity and rationality of the transaction, the sufficiency of the pricing basis, the fairness of the transaction price, and the impact on our Company; pay special attention to issues such as unclear ownership of the transaction target, uncertain performance capability of the counterparty, and unclear transaction price; and where necessary, appoint external professional parties to assess or audit the value of the transaction.
- (iii) The internal audit department of our Group will regularly examine the pricing of the transactions under the continuing connected transaction to ensure that those transactions are conducted in accordance with the pricing terms therein.
- (iv) Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors for them to conduct an annual review of the continuing connected transactions entered into by our Company. Our independent non-executive Directors and auditors will conduct an annual review of the continuing connected transaction under the Pharmaceutical Products Sales Framework Agreement and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

WAIVER

In respect of the transactions as contemplated under the Pharmaceutical Products Sales Framework Agreement as described above, we have applied for, [and the Stock Exchange has granted us,] a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

CONNECTED TRANSACTIONS

DIRECTORS’ CONFIRMATION

Our Directors (including the independent non-executive Directors) are of the view that: (i) the partially-exempt continuing connected transaction set out above has been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual cap for such transaction is fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSOR’S CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by the Company in relation to the above partially-exempt continuing connected transaction; (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of the Group. Based on the above, the Sole Sponsor is of the view that the aforesaid partially-exempt continuing connected transaction, for which the waiver has been sought, has been entered into in the ordinary and usual course of the Company’s business on normal commercial terms or better terms, is fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the proposed annual cap in respect of the partially-exempt continuing connected transaction is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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SHARE CAPITAL

OVERVIEW

Immediately before the [REDACTED]

As of the Latest Practicable Date, our registered capital was RMB403,650,318, comprising 403,650,318 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Assuming the [REDACTED] is not exercised:

Description of Shares	Number of Shares	% of the total issued share capital
Unlisted Shares	[REDACTED]	[REDACTED]
H Shares converted from Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]. . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.0%

Assuming the [REDACTED] is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital
Unlisted Shares	[REDACTED]	[REDACTED]
H Shares converted from Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]. . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.0%

SHARES OF OUR COMPANY

Upon completion of the [REDACTED], depending on whether Shares are [REDACTED] on the Stock Exchange, our Company will consist of H Shares solely. The H Shares generally may not be [REDACTED] by, or [REDACTED] between, legal or natural persons of the PRC, apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

SHARE CAPITAL

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be [REDACTED] and [REDACTED] on an overseas stock exchange provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been filed with the CSRC. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of the internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

[REDACTED] Review and Filing with the CSRC

Our Company has applied for a “full circulation” filing when applying for an overseas [REDACTED] with the CSRC on [•], and submitted the application reports, authorization documents of the shareholders of unlisted shares for which an H-share “full-circulation” was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of CSRC.

Our Company [has received] the filing notice from the CSRC dated [•] in relation to the filing of the overseas [REDACTED] and “Full Circulation,” pursuant to which: (i) our Company was approved to issue no more than [REDACTED] H Shares with a nominal value of RMB1.00 each, which are all ordinary Shares, and upon this issuance the Company may be [REDACTED] on the Main Board of the Stock Exchange; and (ii) our Company was approved to convert a total of [REDACTED] Unlisted Shares (with a nominal value of RMB1.00 each) held by certain Shareholders of our Company into H Shares, and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion.

Where the [REDACTED] cannot be completed within one year upon receipt of the filing notice, and our Company will continue to conduct overseas [REDACTED] and [REDACTED] after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

[REDACTED] Approval by the Stock Exchange

We [have applied] to the Listing Committee for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from [REDACTED] Unlisted Shares on the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

SHARE CAPITAL

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and shall not be transferred for a period of one year from the [REDACTED]. Our Company will work with the domestic securities company to be engaged by our Company to restrict the trading of the H Shares converted from Unlisted Shares technically within one year after the [REDACTED]. Pursuant to the PRC Company Law, Shares transferred by our Directors and members of the senior management each year during their term of office (as determined at the time of assuming office) shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the H Shares are [REDACTED] and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management, a summary of which is set out in “Appendix IV — Summary of Articles of Association.”

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstances under which our general Shareholders’ meeting required, see “Appendix IV — Summary of Articles of Association.”

GENERAL MANDATES TO ISSUE H SHARES

Subject to the completion of the [REDACTED], pursuant to the Shareholders’ resolutions of the Company, our Board has been granted general mandates to issue H Shares. For details, see “Appendix V — Statutory and General Information — Further Information about Our Company and Our Subsidiaries — Shareholders’ Resolutions.”

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), the following persons will have interests and/or short positions (as applicable) in the Shares or underlying Shares of our Company, which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company:

Name of Shareholder	Nature of Interest ⁽¹⁾	Description of Shares	Shares interested in immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares				
			Shares interested in as of the Latest Practicable Date				
			Number	% of shareholding in the total issued share capital of our Company	Number	% of shareholding in the Unlisted Shares/H Shares (as applicable) ⁽²⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾
Mr. Dong	Beneficial owner	Unlisted Shares	109,157,186	27.04%	—	—	—
		H Shares	—	—	[109,157,186]	[REDACTED]%	[REDACTED]%
	Interest in a controlled corporation ⁽³⁾⁽⁵⁾	Unlisted Shares	74,765,850	18.52%	—	—	—
		H Shares	—	—	[74,765,850]	[REDACTED]%	[REDACTED]%
Xintian Pharmaceutical ⁽⁵⁾ Shanghai Xintian ⁽⁵⁾	Interest of spouse ⁽⁴⁾	Unlisted Shares	10,602,433	2.63%	—	—	—
		H Shares	—	—	[10,602,433]	[REDACTED]%	[REDACTED]%
	Beneficial owner	Unlisted Shares	62,390,850	15.46%	—	—	—
		H Shares	—	—	[62,390,850]	[REDACTED]%	[REDACTED]%
Ms. Wang	Interest in a controlled corporation	Unlisted Shares	62,390,850	15.46%	—	—	—
		H Shares	—	—	[62,390,850]	[REDACTED]%	[REDACTED]%
	Beneficial owner	Unlisted Shares	10,602,433	2.63%	—	—	—
		H Shares	—	—	[10,602,433]	[REDACTED]%	[REDACTED]%
Dong Zhu	Interest of spouse ⁽⁴⁾	Unlisted Shares	183,923,036	45.56%	—	—	—
		H Shares	—	—	[183,923,036]	[REDACTED]%	[REDACTED]%
	Beneficial owner	Unlisted Shares	37,214,677	9.22%	—	—	—
		H Shares	—	—	[37,214,677]	[REDACTED]%	[REDACTED]%
Guiyang Entities	Interest in a controlled corporation ⁽⁵⁾	Unlisted Shares	62,390,850	15.46%	—	—	—
		H Shares	—	—	[62,390,850]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽⁶⁾	Unlisted Shares	26,101,996	6.47%	—	—	—
		H Shares	—	—	[26,101,996]	[REDACTED]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue immediately upon the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised).
- (3) Mr. Dong is the general partner of (i) Yuyi Enterprise Management, (ii) Feihe Enterprise Management and (iii) Yunbai Enterprise Management. Therefore, by virtue of the SFO, Mr. Dong is deemed to be interested in the Shares held in aggregate by Yuyi Enterprise Management, Feihe Enterprise Management and Yunbai Enterprise Management.
- (4) Mr. Dong and Ms. Wang are spouses. Therefore, Mr. Dong and Ms. Wang are deemed to be interested in the Shares of our Company held by each other under the SFO.

SUBSTANTIAL SHAREHOLDERS

- (5) Xintian Pharmaceutical is a limited liability company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002873). As of the Latest Practicable Date, the largest shareholder of Xintian Pharmaceutical is Shanghai Xintian with 28.04% equity interests, which is ultimately owned as to 50.0% by Mr. Dong and 50.0% by Mr. Dong Zhu, the son of Mr. Dong. Pursuant to the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》), where Xintian Pharmaceutical is listed, a “controlling shareholder (under the PRC Company Law)” refers to an individual or entity that can control a company by way of investment relationship, contracts or other arrangements. Shanghai Xintian held approximately 28.04% equity interest in Xintian Pharmaceutical as of the Latest Practicable Date and is deemed as the “controlling shareholder (under the PRC Company Law)” of Xintian Pharmaceutical. Therefore, by virtue of the SFO, each of Mr. Dong, Mr. Dong Zhu and Shanghai Xintian is deemed to be interested in the Shares held by Xintian Pharmaceutical.
- (6) (i) Guiyang Industrial Investment Biopharmaceutical Industry Venture Capital Co., Ltd. (貴陽工投生物醫藥產業創業投資有限公司) (“**Guiyang Biopharmaceutical Industry Capital**”) is a limited liability company established in the PRC. As of the Latest Practicable Date, the largest shareholder of Guiyang Biopharmaceutical Industry Capital is Guiyang Venture Capital Co., Ltd. with 39.5% equity interests, which is ultimately controlled by Guiyang State-owned Assets Supervision and Administration Commission (貴陽市政府國有資產監督管理委員會) (“**Guiyang SASAC**”). Therefore, each of Guiyang Venture Capital Co., Ltd. and Guiyang SASAC is deemed to be interested in the Shares held by Guiyang Biopharmaceutical Industry Capital under the SFO.
- (ii) Guiyang Industrial and Information Technology Industry Development Guidance Fund Co., Ltd. (貴陽市工業和資訊化產業發展引導基金有限公司) (“**Guiyang Guidance Fund**”) is a limited liability company established in the PRC. As of the Latest Practicable Date, Guiyang Guidance Fund is owned as to 99.95% by Guiyang City Industrial Investment Co., Ltd. and 0.04% by Guiyang Venture Capital Co., Ltd., all of which are ultimately controlled by Guiyang SASAC. Therefore, each of Guiyang City Industrial Investment Co., Ltd. and Guiyang SASAC is deemed to be interested in the Shares held by Guiyang Guidance Fund under the SFO.
- (iii) Guiyang SME Development Fund (Limited Partnership) (貴陽中小企業發展基金(有限合夥)) (“**Guiyang SME Development Fund**”) is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Guiyang SME Development Fund is Guiyang Venture Capital Co., Ltd. which is ultimately controlled by Guiyang SASAC. Therefore, each of Guiyang Venture Capital Co., Ltd., and Guiyang SASAC is deemed to be interested in the Shares held by Guiyang SME Development Fund under the SFO.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the [REDACTED] and the Conversion of our Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age	Position/Title	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Dong Dalun (董大倫) ^{Note 1}	62	Chairman of the Board and non-executive Director	February 5, 2004	March 30, 2020	Overseeing the management and strategic development of the Group
Mr. Dong Zhu (董竹)	36	Executive Director	April 19, 2018	April 19, 2018	Overall operation and management of our integrated business division and over-the-counter (“OTC”) business division
Dr. Qin Jihong (秦繼紅).	63	Executive Director and general manager	February 5, 2004	October 28, 2013	Overseeing business and daily operations of the Group
Mr. Zhang Yuhu (張玉虎).	45	Executive Director	August 27, 2007	August 18, 2025	Overseeing the management and strategic development of the Group
Mr. Chen Wei (陳尉)	41	Non-executive Director	August 18, 2025	August 18, 2025	Overseeing the management and strategic development of the Group
Mr. Yu Jianchun (俞建春).	64	Independent non-executive Director	August 14, 2023	August 14, 2023	Providing independent advice and judgment to our Board
Mr. Li Xianlin (李顯林).	70	Independent non-executive Director	November 30, 2022	November 30, 2022	Providing independent advice and judgment to our Board
Dr. Fung So Ching Jenny (馮素貞). . .	54	Independent non-executive Director	August 18, 2025	August 18, 2025	Providing independent advice and judgment to our Board

Note 1 Mr. Dong, our chairman and non-executive Director, is the father of Mr. Dong Zhu, our executive Director. Save as disclosed above, each of our Directors had no relationship with other Directors or senior management members of our Company as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Chairman and non-executive Director

Mr. Dong Dalun (董大倫), founded our Group in February 2004. He was appointed as our chairman of the Board and director in March 2020 and was then re-designated as our non-executive Director in August 2025. Mr. Dong is a respected veteran in China’s pharmaceutical industry, with over 30 years of extensive experience spanning strategy formulation, business management and corporate governance. After that, Mr. Dong founded Xintian Pharmaceutical in August 1995 and has served as the chairman of Xintian Pharmaceutical since its establishment. Under Mr. Dong’s leadership, Xintian Pharmaceutical expanded and modernized its operations and successfully listed its shares on the Shenzhen Stock Exchange in 2017 (stock code: 002873). Mr. Dong obtained a bachelor’s degree in pharmaceutical chemistry (specialization in biochemical pharmaceuticals) from Nanjing College of Pharmacy (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學)) in the PRC in July 1984 and a master’s degree in executive business administration from China Europe International Business School (中歐國際工商學院) in the PRC in September 2007.

Executive Directors

Mr. Dong Zhu (董竹), was appointed as our director in April 2018 and was then re-designated as our executive Director in August 2025. Mr. Dong has broad experience in clinical research and business management in the pharmaceutical industry. From January 2019 to August 2020, he served as a clinical research associate in our Group, principally responsible for overseeing regulatory compliance, ensuring data integrity and enhancing execution efficiency across all stages of clinical trials. Through this role, he gained hands-on knowledge of trial design, patient recruitment, data analysis and regulatory submission processes. Subsequently, from August 2020 to March 2024, he served as the general manager of Shanghai Jinzhu Information Technology Co., Ltd. (上海錦竺信息科技有限公司). Since March 2024, he has served as the general manager of our integrated business division and OTC business division, where he has further demonstrated his leadership and operational capabilities. Mr. Dong obtained a master’s degree in business administration from Asia Metropolitan University in Malaysia in June 2025.

Dr. Qin Jihong (秦繼紅), was appointed as our director in October 2013 and was then re-designated as our executive Director in August 2025. Dr. Qin brings over 30 years of leadership and scientific expertise in the pharmaceutical industry, with a track record of success in drug discovery, project management and business management. Prior to joining our Group in 2004, he held the following positions: (i) assistant researcher at the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所) from January 1991 to January 1994; and (iii) manager at Shanghai Haitian Pharmaceutical Technology Development Co., Ltd. (上海海天醫藥科技開發有限公司), a wholly-owned subsidiary of Xintian pharmaceutical, from March 2001 to February 2004. Dr. Qin has been widely recognized through numerous awards and honors, including the following: (i) High-Level Entrepreneurial Talent of Jiangsu Province (江蘇省高層次創業人才) by the Jiangsu Province Talent Work Leading Group (江蘇省人才工作領導小組) in November 2011; (ii) Outstanding Technical Leader of Shanghai (上海優秀技術帶頭人) by the Shanghai Science and Technology Commission (上海科學技術委員會) in September 2012; and (iii) Leading Talent of Shanghai (上海市領軍人才) by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2015. Dr. Qin obtained a bachelor’s degree in medicinal chemistry from Nanjing College of Pharmacy (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學)) in the PRC in July 1984, a master’s degree in medicinal chemistry from Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院) in the PRC in September 1987, and a Ph.D. degree in organic chemistry from the Shanghai Institute of Organic

DIRECTORS AND SENIOR MANAGEMENT

Chemistry, Chinese Academy of Sciences in the PRC in December 1990. He later obtained a master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in September 2012.

Mr. Zhang Yuhu (張玉虎), was elected as our employee representative Director and was then re-designated as our executive Director in August 2025. Mr. Zhang has over 20 years of experience in pharmaceutical research and development, quality management and project management. He joined our Company in August 2007 as a researcher in the quality department, where he was responsible for generic drug quality research. From November 2010 to July 2016, he served as the manager of the quality department, where he was responsible for the quality research of active pharmaceutical ingredients and formulations for generic and innovative drug projects under development. After that, he successively served as the general manager of the integrated management department, the director of the project management department and the director of the information technology center, responsible for overseeing project management, issue coordination, research progress tracking, and the company’s digital transformation initiatives, from July 2016 to May 2022. Since May 2022, he has been serving as the director of the new drug research and development management department in our Company. Mr. Zhang obtained a bachelor’s degree in biology from Anhui University (安徽大學) in the PRC in July 2001, and a master’s degree in botany from the South China Institute of Botany, Chinese Academy of Sciences (中國科學院華南植物研究所) in the PRC in August 2004.

Non-Executive Director

Mr. Chen Wei (陳尉), was appointed as our director in August 2025 and was then re-designated as our non-executive Director in August 2025. Prior to joining our Company, he served as a staff member of the Investment Promotion Center of the Biopharmaceutical Industrial Park of the Taizhou Pharmaceutical High-tech Zone (泰州醫藥高新區生物醫藥產業園區投資促進中心) from February 2009 to January 2010. Subsequently, from January 2010 to June 2017, he served as the vice minister (副部長) of the Healthcare Department at the same center, before advancing to the role of deputy director (副局長) of the Seventh Investment Promotion Bureau (招商七局) there from June 2017 to September 2021. Since September 2021, he has been serving as deputy general manager of Taizhou Huayin Financial Investment Co., Ltd. (泰州醫藥高新區華銀金融投資有限公司). Mr. Chen obtained a bachelor’s degree in information engineering from Nanjing University of Posts and Telecommunications (南京郵電大學) in the PRC in July 2007.

Independent Non-Executive Directors

Mr. Yu Jianchun (俞建春), was appointed as our director in August 2023 and was then re-designated as our independent non-executive Director in August 2025. Prior to joining our Group, Mr. Yu served as the assistant to the general manager and auditor at Shanghai Hugang Jinmao Accounting Co., Ltd. (上海滬港金茂會計師事務所有限公司) from January 2002 to December 2023. Afterwards, he served as an accountant at Shanghai Jingtianhua Accounting Co., Ltd. (上海景天華會計師事務所有限公司) from March 2024 to September 2024. Outside our Group, from December 2015 to September 2021, Mr. Yu served as the independent director of Xintian Pharmaceutical. He currently serves as an independent director of Winning Health Technology Group Co., Ltd. (衛寧健康科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300253), since March 2024, and an accountant at Shanghai Shenwei United Certified Public Accounting (General Partnership) (上海申威聯合會計師事務所(普通合夥企業)) since August 2024. Mr. Yu also serves as a supervisor at Shanghai Shangshui Tax Services Co., Ltd. (上海上穗稅務師事務所有限公司) since July 2013 and a supervisor at Keno (Shanghai) Technology

DIRECTORS AND SENIOR MANAGEMENT

Co., Ltd. (錡諾(上海)科技有限公司) since July 2023. Mr. Yu obtained a bachelor’s degree in mathematics from East China Normal University (華東師範大學) in July 1984. He qualified as a PRC certified public accountant in December 1997.

Mr. Li Xianlin (李顯林), was appointed as our director in November 2022 and was then re-designated as our independent non-executive Director in August 2025. Mr. Li joined Xuzhou Biopharmaceuticals Manufactures Plant (徐州生物化學製藥廠), currently known as Fosun Wanbang (Jiangsu) Pharmaceutical Group Co., Ltd (復星萬邦(江蘇)醫藥集團有限公司), a subsidiary of Shanghai Fosun Pharmaceutical Group Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600196) and the Stock Exchange (stock code: 2196), in July 1982, and successively served as the factory manager, director manager and chairman from June 1993 to April 2007. Subsequently, he served successively as the deputy general manager, vice president and senior vice president at Shanghai Fosun Pharmaceutical Group Co., Ltd. from April 2007 to July 2015. Afterwards, he served as the consultant at Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. (上海復星醫藥產業發展有限公司) from August 2015 to August 2020. Mr. Li was awarded the Second-Class Award for Scientific and Technological Achievements (科技成果二等獎) by the Ministry of Commerce of the PRC (中華人民共和國商務部) in January 1991, and was named as the Advanced Individual in Technical Upgrading during the 9th Five-Year Plan (九五技術改造先進工作者) by the People’s Government of Jiangsu Province (江蘇省人民政府) in November 2001. Mr. Li obtained a bachelor’s degree in pharmacy from Nanjing College of Pharmacy (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學)) in the PRC in July 1982, and a master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in June 2008.

Dr. Fung So Ching Jenny (馮素貞), was appointed as our director in August 2025 and was then re-designated as our independent non-executive Director in September 2025. Prior to joining our Group, Dr. Fung served as (i) an auditor at Eugene Fung & Co, CPAs from August 1996 to September 1997; (ii) an auditor at BDO International (Hong Kong Branch) from September 1997 to September 1999; and (iii) a management accountant at Beijing Holdings Limited (京泰實業(集團)有限公司) from October 1999 to June 2002. Outside our Group, Dr. Fung currently serves as (i) a partner of S. C. Fung & Company, CPAs since October 2003; (ii) a director of Sino Leader Consultants Limited since May 2002; and (iii) a director of Sino Leader International Investment Limited since December 2006. Dr. Fung obtained (i) a bachelor’s degree in accountancy from the University of Hertfordshire in the U.K. in July 1996; (ii) a master’s degree in business administration from The Open University of Hong Kong in December 2003; (iii) a master’s degree in law from The Open University of Hong Kong in June 2015; (iv) a Doctor of Business Administration (DBA) from Apollo University in the U.S. in September 2016; (v) completed a post-doctoral study in Belt and Road Initiative from Oxford University in the United Kingdom in May 2018; and (vi) a second Doctor of Business Administration (DBA) from The Hong Kong Polytechnic University in October 2019. In addition, she was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in January 2000 and a certified public accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA) in October 2003.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management.

Name	Age	Position/Title	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Dr. Qin Jihong (秦繼紅)	63	Executive Director and general manager	February 5, 2004	February 5, 2004	Overseeing business and daily operations of the Group
Dr. Li Wenhua (李文華)	43	Deputy general manager	November 1, 2010	June 16, 2022	Overseeing the Company’s drug R&D and pharmaceutical development
Dr. Ye Bin	61	Deputy general manager	October 11, 2021	June 16, 2022	Participating in major strategic and operational decisions and overseeing the R&D of small-molecule drugs
Mr. Shi Jilong	63	Deputy general manager	November 2, 2020	May 26, 2025	Overseeing the Group’s government relations and the overall operations and management of Hubei Huilun
Ms. Zhang Xuan (張璇)	39	Head of finance and Board secretary	January 5, 2021	June 16, 2022	Overseeing the corporate finance and capital management of our Group

Note: Each of our senior management members had no relationship with other Directors or senior management members of our Company as of the Latest Practicable Date.

Dr. Qin Jihong (秦繼紅), is the executive Director and general manager of our Company. For his biography, see “— Board of Directors — Executive Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Li Wenhua (李文華), has extensive experience in pharmaceutical research and development. He joined our Group in November 2010 as manager of the chemical division until March 2014, during which period he was primarily responsible for process development and regulatory submissions for complex active pharmaceutical ingredients (APIs). From March 2014 to July 2021, he was responsible for the research and development of generic drugs and modified new drugs, as well as the CMC studies of innovative drugs. Since July 2021, he has also served as the General Manager of the Pharmaceutical Research and Development Center of our Company. In June 2024, Dr. Li was appointed the chairman of Jiangsu Huilun, where he oversees the operational management of the formulation business unit as well as production capacity planning. Dr. Li obtained a bachelor’s degree in chemistry from Fudan University (復旦大學) in the PRC in July 2005, and a Ph.D. degree in organic chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences in the PRC in July 2010. In addition, in 2016, he was recognized as a “Shanghai Youth Science and Technology Rising Star” (上海市青年科技啟明星) by the Shanghai Municipal Science and Technology Commission (上海市科學技術委員會).

Dr. Ye Bin, has over 30 years of experience in pharmaceutical R&D, with a focus on new drug discovery. He is co-inventor of two marketed oncology drugs, Fruquintinib (呋喹替尼) and Surufatinib (索凡替尼). Prior to joining our Group, he served as a senior scientist at Bayer AG, responsible for new drug discovery, from September 1996 to March 2007. Subsequently, he served as the group director of discovery chemistry at Shanghai Hutchison Pharmaceuticals Ltd. (上海和黃藥業有限公司), responsible for new drug discovery, from July 2007 to June 2008. In addition, he served as CEO at UniTris Biopharma (Shanghai) Co., Ltd. (上海源力生物公司), and as senior scientist at Thermo Fisher Scientific Inc., and also held a position at Chemoraga. Dr. Ye received his bachelor’s degree from Nanjing University (南京大學) in the PRC in July 1985, a Master of Science degree from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences in the PRC in June 1988, and a Ph.D. degree in Science from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences in the PRC in December 1992. Dr. Ye has participated in research work at the National Cancer Institute, National Institutes of Health in the United States.

Mr. Shi Jilong, has over 15 years of experience in the pharmaceutical industry. Mr. Shi served as the marketing director of Xintian Pharmaceutical, where he significantly enhanced product market share and brand influence through promotional strategies, from December 1996 to January 2005. Thereafter, from June 2005 to December 2011, he served as a chemist at Patheon Inc. PDS. Since January 2021, Mr. Shi served as the chairman of Hubei Huilun, where he oversaw the establishment of Hubei Huilun, provided strategic oversight of operations and government relations and led the construction and overall advancement of the Hubei Huilun pharmaceutical facility. Mr. Shi obtained a bachelor’s degree in biochemical pharmaceuticals from Nanjing College of Pharmacy (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學)) in the PRC in July 1984, and a master’s degree in medicinal chemistry from China Pharmaceutical University in the PRC in July 1991.

Ms. Zhang Xuan (張璇), has over 10 years of experience in corporate finance. From July 2010 to February 2019, Ms. Zhang served as a project manager at Great Wall Securities Co., Ltd. (長城證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002939), where she was responsible for M&A transactions. From February 2019 to December 2020, she served as a senior manager at Lianchu Securities Co., Ltd. (聯儲證券有限責任公司), responsible for M&A transactions. Ms. Zhang obtained a bachelor’s degree in project management in July 2008, and a master’s degree in national economics in June 2010, both from Shanghai University of Finance and Economics (上海財經大學) in the PRC.

DIRECTORS AND SENIOR MANAGEMENT

OTHER INFORMATION

Further Information about Mr. Dong

Mr. Dong served as a supervisor of Shanghai Renben electronic Co., Ltd. (上海仁本電子有限公司) (“**Shanghai Renben**”), a limited liability company established in the PRC on August 12, 2003, and primarily engaged in the manufacturing of electronic equipment and components, which had not commenced any substantive business operations since its establishment. On June 9, 2023, a resolution passed to dissolve Shanghai Renben, and an application was proposed to be made to the company registration authority for deregistration, together with a public announcement for creditors to lodge their claims. Upon expiry of the announcement period, the deregistration procedures were not completed. As such, Shanghai Renben had not been successfully deregistered as at the Latest Practicable Date. On July 1, 2025, it was included in the directory of enterprises with abnormal operations (the “**Abnormal Operation Directory**”) by the Shanghai Municipal Administration for Market Regulation (上海市市場監督管理局) due to its failure to disclose the annual report within the prescribed time limit in accordance with the PRC laws and regulation.

Mr. Dong confirmed that (i) he was not involved in the daily operation of Shanghai Renben; (ii) there was no dishonest, fraudulent or wrongful act on his part leading to the inclusion in the Abnormal Operations Directory; (iii) he has not received any notice or sanction by any relevant government authorities against him imposing any penalty or order for rectification or alleging that he is personally liable for the inclusion in the Abnormal Operations Directory; (iv) he is not aware of any actual or potential claims which have been or could potentially be made against him as a result of the inclusion in the Abnormal Operations Directory; (v) no misconduct or misfeasance had been involved on his part in the inclusion in the Abnormal Operations Directory; and (vi) he has not received any notice of disqualification by relevant authorities requiring him to cease to act as director of any PRC companies.

Shanghai Renben had not been subject to bankruptcy liquidation, had not had its business license revoked, and had not been ordered to shut down. Following the resolution for the dissolution of Shanghai Renben, Mr. Dong was unable to contact its legal representative, director, chief executive or actual controller, and was therefore unable to require them to proceed with the deregistration procedures or take relevant measures to address Shanghai Renben’s inclusion in the Abnormal Operations Directory.

Our PRC Legal Advisor are of the view that such circumstances would not affect Mr. Dong’s qualification to serve as a director of the Company under PRC laws and regulations, and that Mr. Dong did not bear any personal responsibility for such inclusion in the Abnormal Operations Directory.

Save as disclosed above, (i) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no material matters relating to their appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date; (ii) there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders, nor was there any information relating to our Directors that was required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Our Company dissolved the supervisory committee in August 2025. As advised by our PRC Legal Advisors, such dissolution was made in accordance with the requirements of the PRC Company Law and relevant rules including the Notice on Transitional Arrangements for the Implementation of Supporting System Rules for the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》) issued by the CSRC on December 27, 2024, and is in compliance with applicable PRC laws and the CSRC’s regulatory requirements.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Zhang Xuan (張璇) is the head of finance and Board secretary of our Company, and has been appointed as one of the joint company secretaries of our Company in August 2025. See “— Senior Management” for her biographical details.

Ms. Fung Wai Sum (馮慧森) was appointed as one of the joint company secretaries of our Company in August 2025. Ms. Fung is currently the company secretary/joint company secretary of various listed companies on the Stock Exchange, namely FriendTimes Inc. (友誼時光股份有限公司) (stock code: 6820), Tongdao Liepin Group (同道獵聘集團) (stock code: 6100), Greenland Hong Kong Holdings Limited (綠地香港控股有限公司) (stock code: 0337), Shenzhen Neptunus Interlong Biotechnology Company Limited (深圳市海王英特龍生物技術股份有限公司) (stock code: 8329), China ZhengTong Auto Services Holdings Limited (中國正通汽車服務控股有限公司) (stock code: 1728), ClouDr Group Limited (stock code: 9955), YSB Inc. (藥師幫股份有限公司) (stock code: 9885) and Migao Group Holdings Limited (米高集團控股有限公司) (stock code: 9879). Ms. Fung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Fung obtained her master’s degree in professional accounting and corporate governance from City University of Hong Kong in November 2008.

BOARD COMMITTEES

Our Company has established three committees under the Board in accordance with the relevant laws and regulations in mainland China, the Articles of Association and the code of corporate governance practices under the Listing Rules, including the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Committee	Terms of Reference	Primary Roles and Responsibilities (including but not limited to)	Members
Audit Committee.	- Rule 3.21 of the Listing Rules - Paragraph D.3 of Part 2 of the Corporate Governance Code	To review and supervise the financial reporting process and internal control system of our Group, to review and approve connected transactions and to advise the Board	- Mr. Yu Jianchun (<i>chairman, holding the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules</i>) - Mr. Dong Dalun - Mr. Li Xianlin

DIRECTORS AND SENIOR MANAGEMENT

Committee	Terms of Reference	Primary Roles and Responsibilities (including but not limited to)	Members
Remuneration and Appraisal Committee. . . .	• Rule 3.25 of the Listing Rules • Paragraph E.1 of Part 2 of the Corporate Governance Code	To review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payment to our Directors and senior management	• Mr. Li Xianlin (<i>chairman</i>) • Mr. Dong Dalun • Dr. Fung So Ching Jenny
Nomination Committee. . . .	• Rule 3.27A of the Listing Rules • Paragraph B.3 of Part 2 of the Corporate Governance Code	To make recommendations to the Board regarding the appointment of Directors and Board succession	• Mr. Dong Dalun (<i>chairman</i>) • Dr. Fung So Ching Jenny • Mr. Yu Jianchun

CORPORATE GOVERNANCE CODE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code. We are committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors, and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment.

To accomplish the high standards of corporate governance, we will comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the associated Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure. We have adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of pharmaceutical chemistry, business administration, biology and accountancy, etc. Our three independent non-executive Directors have different industry backgrounds, with solid experiences in the fields of pharmacy, accountancy and mathematics. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 36 years old to 70 years old and comprises one female Director and eight male Directors. We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of

DIRECTORS AND SENIOR MANAGEMENT

female senior management and potential successors to our Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders’ expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or our Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [REDACTED], our Nomination Committee will review the Board Diversity Policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the [REDACTED] Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Our Compliance Advisor will advise our Company, among others, in the circumstances pursuant to Rules 3A.23 and 3A.24 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in forms of wages and director’s fee. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders’ meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

For the years ended December 31, 2023, 2024 and 2025, the total amount of emoluments (including fees, wages, salaries, bonuses, contribution to defined contribution retirement plan and equity-settled share-based payment) and other benefits in kind (if applicable) paid to our Directors and supervisors were RMB6.0 million, RMB6.7 million and RMB3.7 million, respectively. For details on the remuneration of each Director and Supervisors during the Track Record Period, please refer to Note 8 to the Accountants’ Report in Appendix I to this document.

According to existing effective arrangements, the total amount of remuneration (excluding any possible payment of discretionary bonus) shall be paid by us to Directors for the financial year ending December 31, 2026 is expected to be approximately RMB3.4 million.

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For the years ended December 31, 2023, 2024 and 2025, the total emoluments paid to the five highest paid individuals by us amounted to RMB8.4 million, RMB4.4 million and RMB5.7 million, excluding one, two, and one Director(s), respectively. For details on the remuneration of the five highest-paid employees during the Track Record Period, please refer to Note 9 to the Accountants’ Report in Appendix I to this document.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to our Directors or the five highest paid individuals.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 25, 2025, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) that his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

Rule 8.10 of the Listing Rules

From time to time our non-executive Director and independent non-executive Directors may serve on the boards of both private and public companies within the pharmaceutical industries. Among them, Mr. Dong currently serves as the chairman and general manager of Xintian Pharmaceutical. However, as these non-executive Director and independent non-executive Directors are not members of our executive management team, while Xintian Pharmaceutical do not engage in businesses that directly compete with ours (for further detail, please see “Relationship with Our Controlling Shareholders — Delineation of Business”), we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors and independent non-executive Directors may hold directorships from time to time.

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

SHARE INCENTIVE PLANS

Please see “Appendix V — Statutory and General Information — Share Incentive Plans” for details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants’ Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including “Forward-Looking Statements,” “Risk Factors” and “Business.”

OVERVIEW

We are a pharmaceutical company with an established track record in drug development and commercialization. Through years of continuous effort, we have established an integrated operational system encompassing the pharmaceutical value chain from R&D and manufacturing to commercialization. Drawing on this foundation, we are actively expanding our capabilities with a strategic focus on innovative drugs targeting major diseases and critical illnesses.

As of the Latest Practicable Date, we had built a portfolio of over ten marketed products and multiple drug candidates encompassing key therapeutic areas including immunology and inflammation, pain management, oncology and other chronic disorders. During the Track Record Period, we generated revenue primarily from the sales of our key marketed products, represented by Xiweina (希为纳®), the only domestically developed sivelestat sodium approved in China, and Zuoyu (佐愈®), China’s first domestically developed Category II levofolinic acid. Meanwhile, our innovative drug pipeline had steadily gained momentum, including four Category I innovative drugs and three Category II modified new drugs currently under clinical development. For details, see “Business — Our Products.”

For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB984.8 million, RMB685.6 million and RMB685.8 million, respectively. During the same periods, our gross profit amounted to RMB850.0 million, RMB568.7 million and RMB571.2 million, respectively. While we recognized profit of RMB20.7 million for the year ended December 31, 2023, we recognized loss for the years ended December 31, 2024 and 2025, which amounted to RMB123.7 million and RMB173.9 million, respectively. For details regarding our approach to drive revenue growth and enhance our business sustainability and profitability, see “— Business Sustainability and Profitability.”

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). For the purpose of preparing our historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards consistently throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2025. The revised and new accounting standards and interpretations issued but not yet

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effective for the accounting period beginning January 1, 2025 are set out in Note 31 to the Accountants’ Report in Appendix I to this document. Our historical financial information has been prepared on the historical cost basis, except for our investments in debt and equity securities and redemption liabilities. For details, see Note 1 and Note 2 to the Accountants’ Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The Growth of the Pharmaceutical Market in China and Our Major Therapeutic Areas

Our financial performance and future growth are underpinned by the overall growth of China’s pharmaceutical market. As of the Latest Practicable Date, we had built a portfolio of over ten marketed products and multiple drug candidates encompassing key therapeutic areas including immunology and inflammation, pain management, oncology and other chronic disorders. See “Business — Our Products” for details. As such, the growth of the drug markets for the diseases targeted by our products has been, and is expected to remain, a key factor affecting our growth. China’s pharmaceutical market is projected to witness continuous growth, from RMB1,629.7 billion in 2024 to RMB3,103.4 billion in 2035 at a CAGR of 6.0%, driven by rising disposable income, aging population, favorable government policies and expanding public medical insurance coverage. Within China’s pharmaceutical market, innovative drugs have experienced, and are expected to continue experiencing, faster growth than generic drugs.

Our Ability to Compete Effectively and Increase the Market Share of Our Marketed Products

Our ability to sustain and grow our business depends on the strength of our product portfolio and our growth potential. Our revenue and profitability may fluctuate depending on how effectively our products compete within their respective markets and whether we can successfully maintain or expand their market share. During the Track Record Period, we derived the majority of our revenue from sales of Xiweina, the first and only domestically developed sivelestat sodium in China indicated for ALI/ARDS. Despite fluctuations in demand during the outbreak and the subsequent ease of COVID-19, Xiweina is well-positioned to capture long-term growth given its exclusive market position, which provides pricing flexibility and creates competitive barriers. The future success of our marketed products will continue to depend on their ability to compete within the market.

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

The success of our business and results of operation relies on our ability to advance our pipeline, demonstrate satisfactory safety and efficacy in clinical trials, obtain the necessary regulatory approvals, and launch our products in our target markets as planned. To date, we have built a pipeline comprising multiple drug candidates, including four Category I innovative drugs and three Category II modified new drugs currently under clinical development. See “Business — Our Products” for details. Based on the approval timelines of our pipeline candidates, which are subject to regulatory communications, we anticipate commercializing multiple drug candidates in the next three to five years, such as HL-1186, H077, H062, azisartan and amlodipine tablet, dienogest tablet (1mg) and relugolix tablet. After our drug candidates are commercialized, our business and results of operations will depend on the market acceptance and sales of our commercialized drugs.

The Inclusion of Our Products in Government-Sponsored Medical Insurance Programs in China

NRDL inclusion significantly influences market dynamics by determining patient access to insurance reimbursement for covered medications, thereby affecting both demand patterns and achievable pricing levels. Consequently, the inclusion or exclusion of a product in or from any of these medical insurance programs will significantly affect the demand for such product in China. As

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of December 31, 2025, eight of our approved products were included in the NRDL, comprising three key marketed products, Kangmairui, Li'erban and Dinuo'an, and five other products, namely azacitidine, silodosin, temozolomide, esomeprazole sodium and sugammadex sodium. Our revenue from sales of our these products accounted for 20.4%, 31.6% and 29.3% of our total revenue, respectively, for the years ended December 31, 2023, 2024 and 2025. For details on our key marketed products included in the NRDL, see “Business — Our Products — Other Chronic Disorders and Beyond — Marketed Products.” While the inclusion of a pharmaceutical product in these national or other government-sponsored medical insurance programs can significantly increase its demand and potentially sales volume, products so included were subject to relevant pricing regulation and face pricing pressure in the centralized tender process.

The Implementation of the Volume-Based Procurement (“VBP”) Schemes and Our Ability to Compete in the Centralized Tender Process by Public Medical Institutions in China

The VBP schemes implemented by the PRC government aim to secure larger quantities of pharmaceutical products at lower prices and thus may potentially impact how drugs are priced and procured in China. As of December 31, 2025, five of our approved products were included in national or provincial VBP schemes including key marketed products such as Kangmairui and Li'erban. The VBP schemes, while enabling larger sales volumes, exert downward pressure on our product pricing and influence the prices at which we sell our products to our customers, thus potentially affecting our revenue and profitability. If we succeed in winning bids in the centralized tender processes, the relevant products will be sold to the public hospitals and other public medical institutions at the bid prices. These prices subsequently serve as a key reference point for determining our product pricing across distribution channels. See “Business — Pricing” for details.

Our Ability to Effectively Control Our Costs and Expenses

Our profitability depends in part on our ability to manage costs and enhance operating efficiency. Our cost of sales consists primarily of raw material costs, direct labor costs and outsourced manufacturing costs, the fluctuations in which may directly affect our gross profit margin. For the years ended December 31, 2023, 2024 and 2025, our gross profit margin remained generally stable at 86.3%, 83.0%, and 83.3%, respectively. Selling and marketing expenses were the largest component of our operating expenses during the Track Record Period. We expect to devote resources in a disciplined manner to commercialize and market our approved products and any product candidates that may be approved. Research and development expenses constitute a significant portion of our operating expenses, reflecting our commitment to advancing our drug candidates through various stages of development.

MATERIAL ACCOUNTING POLICIES AND ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of our historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of judgments and estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations.

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Revenue recognition (revenue from contracts with customers). Income is classified by us as revenue when it arises from the sale of goods or the provision of services in the ordinary course of our business. For the sale of pharmaceutical products, revenue is recognized when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but we generally provide credit terms to customers up to 180 days from the invoice date. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Other accounting policies, accounting judgments and estimates. See Note 2 and Note 3 to the Accountants’ Report set out in Appendix I to this document.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	984,848	685,575	685,842
Cost of sales	(134,852)	(116,890)	(114,651)
Gross profit	849,996	568,685	571,191
Other net income	3,339	9,609	11,870
Selling and marketing expenses	(476,216)	(365,304)	(375,608)
Research and development expenses	(211,109)	(194,791)	(234,273)
Administrative expenses	(129,423)	(118,020)	(126,483)
(Impairment losses)/reversal of impairment losses on trade and other receivables	(4,044)	(3,098)	2,649
Profit/(loss) from operations	32,543	(102,919)	(150,654)
Finance costs	(11,884)	(20,776)	(23,274)
Profit/(loss) before taxation	20,659	(123,695)	(173,928)
Income tax	—	—	—
Profit/(loss) for the year	20,659	(123,695)	(173,928)

Revenue

We generated revenue primarily from the sales of our marketed products in China during the Track Record Period. The following table sets forth the sales revenue of our key marketed products in terms of revenue contribution in absolute amounts and as percentages of our total revenue for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except for percentages)</i>					
Xiweina	745,379	75.7	424,049	61.9	370,057	54.0
Zuoyu	23,499	2.4	25,863	3.8	75,635	11.0
Kangmairui	57,459	5.8	70,125	10.2	53,226	7.8
Li’erban	54,387	5.5	60,751	8.9	43,920	6.4
Dinuo’an	70,972	7.2	72,896	10.6	91,815	13.4
Others ⁽¹⁾	33,152	3.4	31,891	4.6	51,189	7.4
Total	984,848	100.0	685,575	100.0	685,842	100.0

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Note:

- (1) Primarily includes revenue from sales of other products, including Weidagan, Xiaoxiong and Qianweitai, as well as certain APIs.

Cost of Sales

The following table sets forth the breakdown of our cost of sales by nature for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Raw material costs	49,043	36.4	48,155	41.2	39,570	34.5
Direct labor costs	26,415	19.6	23,479	20.1	19,246	16.8
Outsourced manufacturing costs	17,642	13.1	10,813	9.3	10,237	8.9
Depreciation and amortization	8,355	6.2	7,640	6.5	9,727	8.5
Utility costs	4,428	3.3	4,811	4.1	4,315	3.8
Taxes and surcharges	11,903	8.8	7,722	6.6	7,475	6.5
Impairment loss for inventory.. . . .	4,802	3.6	3,563	3.0	14,966	13.1
Others ⁽¹⁾	12,264	9.0	10,707	9.2	9,115	7.9
Total	134,852	100.0	116,890	100.0	114,651	100.0

Note:

- (1) Primarily includes freight charges.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Gross profit margin represents gross profit as a percentage of revenue. For the years ended December 31, 2023, 2024 and 2025, our gross profit amounted to RMB850.0 million, RMB568.7 million and RMB571.2 million, respectively, representing a gross profit margin of 86.3%, 83.0%, and 83.3%, respectively.

Other Net Income

The following table sets forth the breakdown of our other net income for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Government grants ⁽¹⁾	6,474	10,817	12,350
Interest income from bank deposits	1,012	532	316
Donations	(2,949)	(2,149)	(813)
Net gain/(loss) on disposal of property, plant and equipment and right-of-use assets	(1,351)	365	(117)
Others	153	44	134
Total	3,339	9,609	11,870

Note:

- (1) Primarily represents subsidies received from the government to support our operations and R&D activities.

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Selling and Marketing Expenses

The following table sets forth the breakdown of our selling and marketing expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Market promotion expenses	286,588	60.2	177,395	48.6	171,320	45.6
Employee compensation and benefits	165,715	34.8	164,288	45.0	183,082	48.7
Transportation and travel expenses	18,600	3.9	19,935	5.5	17,321	4.6
Others ⁽¹⁾	5,313	1.1	3,686	0.9	3,885	1.1
Total	476,216	100.0	365,304	100.0	375,608	100.0

Note:

(1) Primarily includes rent expenses, depreciation and amortization and office expenses.

Research and Development Expenses

The following table sets forth the breakdown of our research and development expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Employee compensation and benefits	88,967	42.1	88,224	45.3	89,216	38.1
Preclinical and clinical fees	91,923	43.6	80,948	41.5	125,396	53.5
Raw material costs	14,406	6.8	11,815	6.1	6,280	2.7
Depreciation and amortization expenses	3,865	1.8	5,962	3.1	5,921	2.5
Others ⁽¹⁾	11,948	5.7	7,842	4.0	7,460	3.2
Total	211,109	100.0	194,791	100.0	234,273	100.0

Note:

(1) Primarily includes IP application and maintenance expenses, utility and office expenses.

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Administrative Expenses

The following table sets forth the breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee compensation and benefits	80,586	62.3	84,282	71.4	87,272	69.0
Depreciation and amortization	10,993	8.5	11,084	9.4	9,371	7.4
Professional services fees	12,371	9.6	7,386	6.3	6,305	5.0
[REDACTED] expense	—	—	—	—	3,813	3.0
Transportation and travel expenses	3,260	2.5	2,732	2.3	3,087	2.4
Rent expenses	2,683	2.0	1,306	1.1	862	0.7
Others ⁽¹⁾	19,530	15.1	11,230	9.5	15,773	12.5
Total	129,423	100.0	118,020	100.0	126,483	100.0

Note:

(1) Primarily includes recruitment expenses, business development expenses and office expenses.

(Impairment Losses)/Reversal of Impairment Losses on Trade and Other Receivables

During the Track Record Period, we recognized loss allowance for expected credit losses (“ECLs”) on our trade and other receivables. See Note 2 and Note 3 to the Accountants’ Report set out in Appendix I to this document for details. We recorded impairment losses on trade and other receivables of RMB4.0 million and RMB3.1 million for the years ended December 31, 2023 and 2024, and reversal of impairment losses on trade and other receivables of RMB2.6 million for the years ended December 31, 2025, respectively.

Finance Costs

Our finance costs primarily represent (i) interest on our bank loans and other borrowings, and (ii) interest on lease liabilities. For the years ended December 31, 2023, 2024 and 2025, our finance costs amounted to RMB11.9 million, RMB20.8 million and RMB23.3 million, respectively.

Income Tax Expenses

During the Track Record Period, our Company and our subsidiaries domiciled and operated in Chinese Mainland are subject to Corporate Income Tax (“CIT”) at a statutory rate of 25% on their respective taxable income unless otherwise specified. According to the PRC income tax law and its relevant regulations, entities qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. Our Company qualified as a high-technology enterprise and was entitled to a preferential tax rate of 15% for the three-year period ended December 31, 2023. As the high technology qualification of our Company expired in November 2024 and was renewed in December 2025, our Company was subject to CIT at a statutory rate of 25% in 2024 and a preferential income tax rate of 15% in 2025. For further details, see Note 7 to the Accountants’ Report set out in Appendix I to this document.

We did not record income tax expenses during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or unresolved tax issues with the relevant tax authorities.

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue remained stable at RMB685.6 million in 2024 and RMB685.8 million in 2025. Specifically, (i) revenue from the sales of Zuoyu increased significantly from RMB25.9 million in 2024 to RMB75.6 million in 2025, primarily driven by our enhanced marketing and promotional efforts in 2025, as well as the normalization of production and delivery volumes following the completion of facility testing and equipment upgrades by our CDMO in 2024, and (ii) revenue from the sales of Dinuo'an increased by 26.0% from RMB72.9 million in 2024 to RMB91.8 million in 2025, primarily attributable to our strengthened marketing and promotional efforts. These increases were partially offset by the decreases in (i) revenue from the sales of Xiweina from RMB424.0 million in 2024 to RMB370.1 million in 2025, primarily due to the calibration of inventory levels by our distributors and their adoption of a more disciplined procurement approach as market conditions continued to normalize following the COVID-19 pandemic, and (ii) revenue from the sales of other products, including Li'erban and Kangmairui, primarily due to intensified competition within the VBP schemes, resulting in our products' lower sales volume.

Cost of Sales

Our cost of sales decreased slightly from RMB116.9 million in 2024 to RMB114.7 million in 2025, primarily reflecting (i) decreases in our raw material costs and direct labor costs attributable to the decreased sales volume of certain marketed products, including Li'erban and Kangmairui, which were substantially offset by (ii) increases in impairment loss for inventory prudently recorded against certain raw materials for Dinuo'an held in our inventory, as we expect lower production and sales volumes for this product given that Dinuo'an was not selected under the VBP scheme held in late 2025.

Gross Profit and Gross Profit Margin

Our gross profit increased slightly from RMB568.7 million in 2024 to RMB571.2 million in 2025. Our gross profit margin remained stable at 83.0% in 2024 and 83.3% in 2025.

Other Net Income

Our other net income increased from RMB9.6 million in 2024 to RMB11.9 million in 2025, primarily due to an increase in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB365.3 million in 2024 to RMB375.6 million in 2025, primarily due to an increase in employee compensation and benefits to attract and retain high-quality talent.

Research and Development Expenses

Our research and development expenses increased from RMB194.8 million in 2024 to RMB234.3 million in 2025, primarily attributable to the increases in preclinical and clinical fees to support the R&D of our drug candidates, such as HL-1186, H062 and YD0293.

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Administrative Expenses

Our administrative expenses increased from RMB118.0 million in 2024 to RMB126.5 million in 2025, primarily due to (i) an increase in employee compensation and benefits as we recruited additional administrative personnel to support our business growth, and (ii) [REDACTED] expense incurred in relation to the [REDACTED].

Finance Costs

Our finance costs increased from RMB20.8 million in 2024 to RMB23.3 million in 2025, primarily due to higher interest expenses on bank loans and other borrowings as we adjusted our borrowing profile towards longer-term maturities to strengthen our overall financial stability.

Loss for the Year

For the foregoing reasons, our loss for the year increased from RMB123.7 million in 2024 to RMB173.9 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue decreased by 30.4% from RMB984.8 million in 2023 to RMB685.6 million in 2024, primarily due to the decrease in revenue from the sales of certain marketed products. In particular, revenue from the sales of Xiweina decreased by 43.1% from RMB745.4 million in 2023 to RMB424.0 million in 2024, primarily reflecting a normalization in clinical demand following the surge in severe lung infection cases during the COVID-19 pandemic.

Cost of Sales

Our cost of sales decreased by 13.3% from RMB134.9 million in 2023 to RMB116.9 million in 2024, primarily due to the decreases in outsourced manufacturing costs, which was mainly attributable to the lower sales of Xiweina, as well as taxes and surcharges.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 33.1% from RMB850.0 million in 2023 to RMB568.7 million in 2024. Our gross profit margin decreased from 86.3% in 2023 to 83.0% in 2024, primarily because Xiweina, which has a relatively higher gross profit margin, contributed a smaller share of our revenue in 2024.

Other Net Income

Our other net income increased from RMB3.3 million in 2023 to RMB9.6 million in 2024, primarily due to an increase in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses decreased from RMB476.2 million in 2023 to RMB365.3 million in 2024, primarily due to a reduction in market promotion expenses. We incurred higher market promotion expenses in 2023, primarily as a result of our targeted marketing efforts for Xiweina to capture strong market demand.

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Research and Development Expenses

Our research and development expenses decreased from RMB211.1 million in 2023 to RMB194.8 million in 2024, primarily due to the completion of certain R&D programs, such as Enketang and azilsartan and amlodipine tablets. This decrease was partially offset by our continuous investment in R&D activities to advance our innovative drug pipeline.

Administrative Expenses

Our administrative expenses decreased from RMB129.4 million in 2023 to RMB118.0 million in 2024, primarily due to the decrease in professional services fees in relation to our previous listing attempt. See “History and Corporate Structure — Proposed Listing Attempt.”

Finance Costs

Our finance costs increased from RMB11.9 million in 2023 to RMB20.8 million in 2024, primarily due to the increase in the outstanding balance of our bank loans and other borrowings.

Profit/(Loss) for the Year

For the foregoing reasons, we recorded profit for the year of RMB20.7 million in 2023 and loss for the year of RMB123.7 million in 2024.

BUSINESS SUSTAINABILITY AND PROFITABILITY

As elaborated above, our historical financial performance primarily reflects (i) the revenue contribution of each marketed product in our portfolio and their period-to-period sales fluctuations, (ii) our ability to maintain a stable gross profit margin across our marketed product portfolio, and (iii) our operating expenses (representing the sum of selling and marketing expenses, research and development expenses, and administrative expenses) and their impact on our profitability. As a result, we experienced fluctuations in our financial performance during the Track Record Period. While we recognized profit of RMB20.7 million for the year ended December 31, 2023, we recognized loss for the years ended December 31, 2024 and 2025, which amounted to RMB123.7 million and RMB173.9 million, respectively.

We have adopted a multi-pronged approach to drive revenue growth and enhance our business sustainability and profitability through the following key initiatives:

- ***Enhance revenue from existing marketed products.*** We maintain a diversified portfolio of marketed products across various therapeutic areas, with sales of each product influenced by distinct factors and market dynamics. During the Track Record Period, we derived the majority of our revenue from sales of Xiweina, the first and only domestically developed sivelestat sodium in China indicated for ALI/ARDS. According to Frost & Sullivan, driven by an increasing patient population and China’s policy initiatives to enhance critical care medical infrastructure, the ALI/ARDS drug market in China is expected to reach RMB24.1 billion in 2035 at a CAGR of 5.5% from 2024 to 2035. Despite fluctuations in demand during the outbreak and the subsequent ease of COVID-19, Xiweina is well-positioned to capture this long-term growth given its exclusive market position, which provides pricing flexibility and creates competitive barriers.

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We have consistently taken, and will continue to implement, the following measures to enhance revenue from Xiweina: (i) further expand our nationwide healthcare institution coverage and hospital penetration; and (ii) deploy targeted strategies to bolster market presence and improve promotional effectiveness. We also intend to strengthen our marketing and promotional efforts for our other existing marketed products, including Zuoyu, China’s first domestically developed Category II levofolinic acid, to maximize their growth potential. According to Frost & Sullivan, the sodium levofolinate market in China, estimated at RMB26.7 million in 2024, is projected to grow at a CAGR of 29.6% and reach RMB460.6 million in 2035, driven by rising cancer incidence and the shift toward optimized chemotherapy regimens. As one of the only two sodium levofolinate products approved in China, Zuoyu achieved a market share exceeding 90% in 2024, which we believe positions it favorably to capture this significant market growth and contribute to our business sustainability.

- **Expand marketed product portfolio.** We seek to diversify our revenue base by advancing near-commercial product candidates towards commercialization. Based on the approval timelines of our pipeline candidates, which are subject to regulatory communications, we anticipate commercializing multiple drug candidates in the next three to five years, such as HL-1186, H077, H062, azisartan and amlodipine tablet, dienogest tablet (1mg) and relugolix tablet. These and other pipeline candidates, particularly our innovative drug candidates, are expected to contribute a growing proportion of our total revenue in the foreseeable future and drive sustainable long-term growth.
- **Maintain steady gross profit margin.** During the Track Record Period, we successfully maintained steady gross profit margin levels. For the years ended December 31, 2023, 2024 and 2025, our gross profit margin was 86.3%, 83.0%, and 83.3%, respectively. This reflects our commitment to maintaining a disciplined pricing strategy that prioritizes profitability amid competition. We intend to continue maintaining a prudent pricing strategy going forward, particularly as our innovative drug candidates, which generally carry higher gross profit margins, enter the market.
- **Improve operating efficiency while prioritizing R&D investment.** Our operating expenses (representing the sum of selling and marketing expenses, research and development expenses, and administrative expenses) amounted to RMB816.7 million, RMB678.1 million and RMB736.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. The increase in 2025 was primarily attributable to higher research and development expenses, reflecting our continued investment in our drug candidates. In 2023, 2024 and 2025, our research and development expenses accounted for 25.8%, 28.7% and 31.8% of our total operating expenses, respectively. Going forward, we intend to: (i) prioritize investment in innovative drugs to accelerate regulatory approval and commercialization; (ii) employ targeted marketing initiatives to enhance selling and marketing efficiency; and (iii) exercise administrative cost discipline through streamlining internal processes and optimizing resource allocation.

We believe these initiatives, together with the measures outlined above, will collectively drive revenue growth and enhance our long-term business sustainability and profitability.

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DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets			
Property, plant and equipment	448,310	500,295	506,883
Right-of-use assets	79,892	67,828	60,010
Intangible assets	7,324	9,327	8,589
Total non-current assets	535,526	577,450	575,482
Current assets			
Inventories	132,528	128,065	110,267
Trade and other receivables	260,312	358,206	247,132
Restricted deposits	4,380	15	1
Cash and cash equivalents	144,021	66,949	136,856
Total current assets	541,241	553,235	494,256
Current liabilities			
Trade and other payables	234,784	204,328	193,322
Contract liabilities	1,031	266	425
Bank loans and other borrowings	374,509	477,750	249,359
Lease liabilities	17,317	15,079	13,109
Total current liabilities	627,641	697,423	456,215
Net current (liabilities)/assets	(86,400)	(144,188)	38,041
Total assets less current liabilities	449,126	433,262	613,523
Non-current liabilities			
Bank loans and other borrowings	80,757	119,413	397,808
Deferred income	36,435	46,865	53,718
Lease liabilities	38,410	27,703	22,552
Total non-current liabilities	155,602	193,981	474,078
NET ASSETS	293,524	239,281	139,445

Property, Plant and Equipment

Our property, plant and equipment consist of buildings, leasehold improvements, machinery and equipment, vehicles and construction in progress. Our property, plant and equipment increased from RMB448.3 million as of December 31, 2023 to RMB500.3 million as of December 31, 2024, primarily due to (i) an increase in leasehold improvements in relation to the construction of our Zhijiang manufacturing facilities and the production line upgrade at our Taizhou manufacturing facilities, and (ii) an increase in machinery and equipment to support our manufacturing activities. For details, see “Business — Manufacturing.” Our property, plant and equipment remained stable at RMB500.3 million as of December 31, 2024 and RMB506.9 million as of December 31, 2025.

Right-of-use Assets

Our right-of-use assets represent (i) leasehold land, and (ii) properties leased for own use. Our right-of-use assets decreased from RMB79.9 million as of December 31, 2023 to RMB67.8 million as of December 31, 2024, primarily due to a decrease in our properties leased for own use as a result of the termination or modification of certain leases for our office premises. Our right-of-use assets further decreased to RMB60.0 million as of December 31, 2025, primarily as a result of depreciation on our leased properties.

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Inventories

The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	36,398	30,774	26,468
Work in progress	21,218	28,651	27,716
Finished goods	79,852	71,810	71,401
Subtotal	137,468	131,235	125,585
Less: write-down of inventories	(4,940)	(3,170)	(15,318)
Total	132,528	128,065	110,267

Our inventories decreased from RMB132.5 million as of December 31, 2023 to RMB128.1 million as of December 31, 2024, primarily because we optimized our raw material procurement practices, including adopting more frequent procurement cycles and reducing the need to hold excess raw materials. Our inventories further decreased from RMB128.1 million as of December 31, 2024 to RMB110.3 million as of December 31, 2025, primarily due to increased write-down of inventories prudently recorded against certain raw materials for Dinuo'an, given that this product was not selected under the VBP scheme held in late 2025.

The following table sets forth the aging analysis of our inventories (net of write-down of inventories) as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	96,568	90,402	76,636
Over one year	35,960	37,663	33,631
Total	132,528	128,065	110,267

Our inventory turnover days, calculated by dividing the arithmetic mean of the opening and ending balance of inventories by the sum of cost of sales and the cost of raw materials consumed in R&D activities for the relevant year and then multiplying by the number of days for that year (365 days for 2023, 2024 and 2025), were 315 days, 370 days and 360 days for the years ended December 31, 2023, 2024 and 2025, respectively. Our inventory turnover days increased from 315 days in 2023 to 370 days in 2024, primarily due to the decrease in cost of sales against a relatively stable inventory base, which reflected the reduced sales volume of certain marketed products in the respective years. Our inventory turnover days decreased from 370 days to 360 days, primarily due to a decrease in the carrying amount of our inventories as a result of the write-down made for raw materials for Dinuo'an, while our cost of sales remained relatively stable for 2024 and 2025.

As of February 28, 2026, 12.0%, or RMB13.2 million of our inventories as of December 31, 2025 was subsequently utilized.

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Trade and Other Receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	232,832	323,930	212,622
Less: loss allowance	(7,099)	(10,158)	(7,275)
Trade receivables, net	225,733	313,772	205,347
Other receivables ⁽¹⁾	5,919	9,901	10,868
Less: loss allowance	(667)	(706)	(941)
Other receivables, net	5,252	9,195	9,927
Bills receivables, carried at fair value through other comprehensive income	—	11,958	1,703
Prepayments ⁽²⁾	15,332	20,826	22,802
Value Added Tax (“VAT”) recoverable ⁽³⁾	13,995	2,455	7,353
Total	260,312	358,206	247,132

Notes:

- (1) Primarily include performance deposits paid to our suppliers.
- (2) Primarily include prepayments made for preclinical research and clinical trials to CROs, as well as third-party marketing services.
- (3) Primarily in relation to our construction in progress.

Our trade and other receivables increased from RMB260.3 million as of December 31, 2023 to RMB358.2 million as of December 31, 2024, primarily due to an increase in trade receivables driven by higher sales of Xiweina in the second half of 2024 compared to the same period in 2023. By comparison, sales of Xiweina in 2023 were mainly concentrated in the first half of the year due to strong COVID-related demand, and the associated trade receivables had been substantially collected by year-end. Our trade and other receivables decreased to RMB247.1 million as of December 31, 2025, primarily due to the implementation of enhanced management and collection initiatives.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) as of the date indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	225,179	309,793	194,713
One to two years	260	3,803	10,621
Two to three years	294	42	13
Over three years	—	134	—
Total	225,733	313,772	205,347

For the years ended December 31, 2023, 2024 and 2025, our trade receivable turnover days, calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables by revenue for the relevant year and then multiplying by number of days for that year (365 days for 2023, 2024 and 2025), amounted to 63 days, 148 days and 143 days. Turnover days were lower in

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2023 compared to 2024, primarily because distributors settled outstanding balances at an accelerated pace during the year, reflecting stronger demand amid the COVID pandemic. Our trade receivable turnover days remained stable at 148 days in 2024 and 143 days in 2025.

As of February 28, 2026, 63.5%, or RMB134.9 million of our trade receivables as of December 31, 2025 had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents represent cash at bank and on hand. Our cash and cash equivalents were RMB144.0 million, RMB66.9 million and RMB136.9 million as of December 31, 2023, 2024 and 2025, respectively. For details, see” — Liquidity and Capital Resources — Cash Flows.”

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Payables relating to property, plant and equipment	78,194	71,578	62,125
Trade payables	38,729	46,511	40,999
Marketing expenses payables	20,386	14,479	10,135
Bills payables	—	377	72
Other payables ⁽¹⁾	14,375	12,189	6,213
Trade and other payables measured at amortized cost.	151,684	145,134	119,544
Accrued payroll and benefits	35,232	26,062	36,306
Other tax payables ⁽²⁾	17,026	5,688	10,914
Refund liabilities ⁽³⁾	30,842	27,444	26,558
Total	234,784	204,328	193,322

Notes:

- (1) Primarily include amounts payable for property management fees, hazardous waste disposal fees and other miscellaneous expenses.
- (2) Primarily include VAT payables and property tax.
- (3) Primarily represent (i) estimated liabilities for volume-based sales rebates granted to our customers, and (ii) refunds for product returns under limited circumstances, such as damages to product packaging during transportation.

Our trade and other payables decreased from RMB234.8 million as of December 31, 2023 to RMB204.3 million as of December 31, 2024, primarily due to (i) a decrease in other tax payables as a result of the fluctuations in our revenue, (ii) a decrease in accrued payroll and benefits, which resulted from increased employee compensation and benefits in 2023 to support targeted marketing efforts for Xiweina amid strong market demand, and (iii) a decrease in payables relating to property, plant and equipment attributable to the construction progress of our manufacturing facilities. Such decreases were partially offset by the increase in our trade payables, primarily reflecting more favorable credit terms arranged with our suppliers, which extended our payment cycles and resulted in higher balances outstanding at year-end.

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Our trade and other payables further decreased to RMB193.3 million as of December 31, 2025, primarily due to (i) a decrease in payables relating to property, plant and equipment attributable to the construction progress of our manufacturing facilities, (ii) a decrease in other payables primarily because a larger portion of outstanding payables had been settled by the end of 2025 compared to the prior year end, and (iii) a decrease in trade payables primarily attributable to a lower volume of raw material purchases towards the end of 2025 in light of our production plan and inventory management policies. Such decreases were partially offset by the increase in accrued payroll and benefits, primarily due to an increase in employee compensation and benefits.

The following table sets forth an aging analysis of trade and bills payables based on the invoice dates as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	36,403	44,431	33,090
Over one year	2,326	2,457	7,981
	38,729	46,888	41,071

Our trade and bills payable turnover days, calculated by dividing (i) the arithmetic mean of the opening and ending balance of trade and bills payables by (ii) the sum of cost of sales and the cost of raw materials and preclinical and clinical fees incurred in R&D activities for the relevant year, and then multiplying by the number of days for that year (365 days for 2023, 2024 and 2025), amounted to 46 days, 75 days and 65 days for the years ended December 31, 2023, 2024 and 2025, respectively. Our trade and bills payable turnover days increased from 46 days in 2023 to 75 days in 2024, primarily reflecting more favorable credit terms arranged with our suppliers. Our trade and other payable turnover days decreased from 75 days in 2024 to 65 days in 2025, primarily because our improved liquidity position enabled us to settle certain trade and bills payables on a more timely basis to foster stronger long-term relationships with our suppliers.

As of February 28, 2026, 24.7%, or RMB10.1 million of our trade and bills payables as of December 31, 2025 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our operations, including R&D and manufacturing activities, construction of our manufacturing facilities, as well as other working capital needs. During the Track Record Period, we financed our operations and other capital requirements primarily through cash generated from our operations, bank and other borrowings and pre-[REDACTED] investments.

We expect to fund our future working capital and other cash requirements with cash generated from our operations, net [REDACTED] from the [REDACTED], and bank and other borrowings. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. Our cash and cash equivalents were RMB144.0 million, RMB66.9 million and RMB136.9 million as of December 31, 2023, 2024 and 2025, respectively. As of February 28, 2026, we had unutilized banking facilities of RMB125.0 million.

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Based on our internal resources, the expected cash flow from operating activities and cash balance, other financial resources available to us and the anticipated net [REDACTED] from the [REDACTED], our Directors are of the opinion that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Net Current Assets/(Liabilities)

The following table sets forth a summary of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	February 28,
		(RMB in thousands)		2026
				(unaudited)
Current assets				
Inventories	132,528	128,065	110,267	105,749
Trade and other receivables	260,312	358,206	247,132	192,625
Restricted deposits	4,380	15	1	—
Cash and cash equivalents	144,021	66,949	136,856	85,088
	541,241	553,235	494,256	383,462
Current liabilities				
Trade and other payables	234,784	204,328	193,322	171,721
Contract liabilities	1,031	266	425	1,827
Bank loans and other borrowings	374,509	477,750	249,359	163,246
Lease liabilities	17,317	15,079	13,109	15,795
	627,641	697,423	456,215	352,589
Net current (liabilities)/assets	(86,400)	(144,188)	38,041	30,873

Our net current liabilities increased from RMB86.4 million as of December 31, 2023 to RMB144.2 million as of December 31, 2024, primarily due to (i) an increase in bank loans and other borrowings to support our operations, and (ii) a decrease in cash and cash equivalents primarily associated with an increase in net cash used in our operating activities, partially offset by an increase in trade and other receivables driven by higher sales of Xiweina in the second half of 2024 compared to the same period in 2023.

We recorded net current liabilities of RMB144.2 million as of December 31, 2024 and net current assets of RMB38.0 million as of December 31, 2025, primarily due to a decrease in bank loans and other borrowings as we adjusted our borrowing profile towards longer-term maturities to strengthen our overall financial stability.

Our net current assets decreased from RMB38.0 million as of December 31, 2025 to RMB30.9 million as of February 28, 2026, primarily due to (i) a decrease in trade and other receivables reflecting our lower sales volume in the first two months of 2026, as business activity moderated during the Chinese New Year holiday period, and (ii) a decrease in cash and cash equivalents associated with the repayment of outstanding bank loans, partially offset by (i) a decrease in bank loans and other borrowings due to repayment and as we adjusted our borrowing profile towards longer-term maturities to strengthen our overall financial stability, and (ii) a decrease in trade and other payables as we settled certain outstanding balances with our suppliers ahead of the Chinese New Year.

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Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash (used in)/generated from operating activities	(37,475)	(155,849)	8,544
Net cash flows used in investing activities.	(127,685)	(67,565)	(30,818)
Net cash flows generated from financing activities	102,217	146,329	92,163
Net increase/(decrease) in cash and cash equivalents.	(62,943)	(77,085)	69,889
Cash and cash equivalents at beginning of the year	206,925	144,021	66,949
Effect of foreign exchange differences, net.	39	13	18
Cash and cash equivalents at the end of the year	144,021	66,949	136,856

Net Cash Used in Operating Activities

In 2023, our net cash used in operating activities was RMB37.5 million, primarily attributable to our profit before taxation of RMB20.7 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included increase in deferred income of RMB27.7 million, and depreciation of right-of-use assets of RMB13.6 million, and (ii) negative adjustments, which primarily included increase in trade and other receivables of RMB112.1 million, and decrease in contract liabilities of RMB14.8 million.

In 2024, our net cash used in operating activities was RMB155.8 million, primarily attributable to our loss before taxation of RMB123.7 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included finance cost of RMB20.8 million, and depreciation of property, plant and equipment of RMB13.1 million, and (ii) negative adjustments, which primarily included increase in trade and other receivables of RMB82.9 million, and decrease in trade and other payables of RMB23.8 million.

In 2025, our net cash generated from operating activities was RMB8.5 million, attributable to movements of certain non-cash and working capital items despite our loss before taxation of RMB173.9 million, primarily including decrease in trade and other receivables of RMB102.9 million, finance costs of RMB23.3 million, decrease in inventories of RMB17.8 million, depreciation of property, plant and equipment of RMB17.0 million, depreciation of right-of-use assets of RMB11.4 million, and increase in deferred income of RMB6.9 million.

Net Cash Flows Used in Investing Activities

In 2023, our net cash flows used in investing activities was RMB127.7 million, primarily attributable to payment for purchase of property, plant and equipment and intangible assets of RMB139.2 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss (“FVPL”) of RMB11.5 million.

In 2024, our net cash flows used in investing activities was RMB67.6 million, primarily attributable to payment for purchase of property, plant and equipment and intangible assets of RMB67.7 million.

In 2025, our net cash flows used in investing activities was RMB30.8 million, attributable to payment for purchase of property, plant and equipment and intangible assets of RMB30.8 million.

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Net Cash Generated from Financing Activities

In 2023, our net cash generated from financing activities was RMB102.2 million, primarily attributable to proceeds from new bank loans and other borrowings of RMB383.7 million, partially offset by (i) repayment of bank loans and other borrowings of RMB253.5 million and (ii) interest paid of RMB16.3 million.

In 2024, our net cash generated from financing activities was RMB146.3 million, primarily attributable to (i) proceeds from new bank loans and other borrowings of RMB481.8 million and (ii) proceeds from issuance of new shares of RMB60.9 million, partially offset by (i) repayment of bank loans and other borrowings of RMB348.2 million, (ii) interest paid of RMB32.8 million and (iii) capital element of lease rentals paid of RMB12.8 million.

In 2025, our net cash generated from financing activities was RMB92.2 million, primarily attributable to (i) proceeds from new bank loans and other borrowings of RMB818.9 million and (ii) proceeds from issuance of new shares of RMB72.0 million, partially offset by (i) repayment of bank loans and other borrowings of RMB764.7 million and (ii) interest paid of RMB20.4 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	February 28,
		(RMB in thousands)		
				2026
				(unaudited)
Current				
Bank loans and other borrowings	374,509	477,750	249,359	163,246
Lease liabilities	17,317	15,079	13,109	15,795
	<u>391,826</u>	<u>492,829</u>	<u>262,468</u>	<u>179,041</u>
Non-current				
Bank loans and other borrowings	80,757	119,413	397,808	434,052
Lease liabilities	38,410	27,703	22,552	25,007
	<u>119,167</u>	<u>147,116</u>	<u>420,360</u>	<u>459,059</u>
Total	<u><u>510,993</u></u>	<u><u>639,945</u></u>	<u><u>682,828</u></u>	<u><u>638,100</u></u>

Bank loans and other borrowings

Our bank loans and other borrowings consist of secured bank loans, guaranteed bank loans and secured other borrowings to finance our daily operating expenses and capital expenditures. As of December 31, 2023, 2024 and 2025, we had bank loans and other borrowings of RMB455.3 million, RMB597.2 million and RMB647.2 million, respectively. For details, see Note 20 to the Accountants’ Report of the Group in Appendix I to this document.

FINANCIAL INFORMATION

The following table sets forth the breakdown of our bank and other borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Secured bank loans	165,605	115,233	20,023	19,014
Guaranteed bank loans	289,661	418,281	537,903	496,175
Secured other borrowings	—	63,649	89,241	82,109
Total	455,266	597,163	647,167	597,298

Our bank loans comprised secured bank loans and guaranteed bank loans. As of December 31, 2023, 2024 and 2025, we had secured bank loans of RMB165.6 million, RMB115.2 million and RMB20.0 million, respectively. For the years ended December 31, 2023, 2024 and 2025, the interest rates of our secured bank loans ranged from 4.9% to 6.1%, 5.99% to 6.0% and 3.8% per annum, respectively. As of December 31, 2023, 2024 and 2025, we had guaranteed bank loans of RMB289.7 million, RMB418.3 million and RMB537.9 million, respectively. The guaranteed loans were guaranteed by our Company, Mr. Dong and Shanghai Xintian. The guarantees provided by Mr. Dong and Shanghai Xintian are expected to be fully released and discharged prior to the Listing. For the years ended December 31, 2023, 2024 and 2025, the interest rates of our guaranteed bank loans ranged from 3.45% to 4.5%, 3.35% to 3.9% and 3.00% to 3.55% per annum, respectively.

Our secured other borrowings represent borrowings from a financial institution to finance our daily operating expenses and capital expenditures. Our secured other borrowings were secured by property, plant and equipment of RMB81.5 million and RMB87.3 million as of December 31, 2024 and 2025, respectively. For the year ended December 31, 2024 and 2025, the interest rates of our secured other borrowings ranged from 6.45% to 7.7% and 6.45% to 8.65% per annum, respectively.

As of February 28, 2026, we had bank loans and other borrowings of RMB597.3 million. The decrease from December 31, 2025 to February 28, 2026 was primarily due to the repayment of bank loans upon maturity.

Our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. During the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of plant, offices and laboratory. Under IFRS 16, we recognize lease liabilities with respect to all leases, except for short term leases and leases of low value assets. As of December 31, 2023, 2024 and 2025, our current lease liabilities amounted to RMB17.3 million, RMB15.1 million and RMB13.1 million, and our non-current lease liabilities amounted to RMB38.4 million, RMB27.7 million and RMB22.6 million.

As of February 28, 2026, we had current lease liabilities of RMB15.8 million and non-current lease liabilities of RMB25.0 million.

FINANCIAL INFORMATION

Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities. Our Directors confirm that there had been no material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period was related to payment for purchases of property, plant and equipment and intangible assets. For the years ended December 31, 2023, 2024 and 2025, our capital expenditure amounted to RMB139.2 million, RMB67.7 million and RMB30.8 million, respectively.

CAPITAL COMMITMENTS

Our capital commitments at the end of each year during the Track Record Period primarily related to amounts contracted for acquisition of property, plant and equipment that had not yet reached the stipulated project milestones. As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB49.4 million, RMB34.8 million and RMB24.9 million, respectively.

MATERIAL RELATED PARTY TRANSACTIONS

We did not have any material related party transactions during the Track Record Period. See Note 28 in the Accountants’ Report set out in Appendix I of this document for details on our transactions with related parties during the Track Record Period. Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business on an arm’s length basis and on normal commercial terms between the relevant parties and would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated:

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	86.3%	83.0%	83.3%
Current ratio ⁽²⁾	0.9	0.8	1.1
Quick ratio ⁽³⁾	0.7	0.6	0.8
Gearing ratio ⁽⁴⁾	1.7	2.7	4.9

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100.0%.
- (2) Current ratio is calculated based on total current assets divided by total current liabilities.
- (3) Quick ratio is calculated as current assets less inventories divided by current liabilities.
- (4) Gearing ratio is calculated using total debt (including all bank loans and other borrowings and lease liabilities) divided by total equity.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including currency risk, credit risk, liquidity risk and interest rate risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, including relevant sensitivity analysis, see Note 26 in the Accountants’ Report set out in Appendix I of this document.

Currency Risk

We are not exposed to significant currency risk as our transactions denominated in foreign currencies were immaterial.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss to us. Our credit risk primarily arises from our trade and other receivables. Our exposure to credit risk arising from our cash and cash equivalents is limited as these are placed with banks which we consider to have low credit risk. We do not provide any guarantees that would expose us to additional credit risk.

Liquidity Risk

Liquidity risk refers to the risk that we may encounter difficulty in meeting our financial obligations as they fall due. We manage our liquidity risk by regularly monitoring our liquidity requirements and our compliance with lending covenants, and by ensuring that we maintain sufficient cash reserves and have adequate committed funding lines from major financial institutions to meet our short-term and long-term liquidity needs. Further details and an analysis of the maturity profile of our non-derivative financial liabilities as of the end of each year during the Track Record Period are set out in Note 26 to the Accountants’ Report in Appendix I to this document.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Our interest rate risk arises primarily from cash at banks, restricted deposits, bank loans and other borrowings and lease liabilities. Variable-rate financial assets and liabilities expose us to cash flow interest rate risk, while fixed-rate financial assets and liabilities expose us to fair value interest rate risk, respectively.

Fair Value Measurement

The carrying amounts of the our financial instruments carried at amortised cost are not materially different from their fair values as of December 31, 2023, 2024 and 2025.

FINANCIAL INFORMATION

DIVIDEND

During the Track Record Period, we did not declare or pay any dividends. After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A proposal to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board. Such proposals will depend on a number of factors, including our results of operations, cash flows, financial condition, cash dividends received from our subsidiaries, business prospects, statutory and regulatory restrictions, and other factors that our Board may consider important. Our Shareholders may approve dividend declarations, subject to our constitutional documents and applicable laws. We do not currently have a formal dividend policy or a fixed dividend payout ratio.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders’ meeting. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

PROPERTIES AND VALUATION

In accordance with the requirement of Rule 5.07 of the Listing Rules, Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has valued our property interests as of February 28, 2026. Particulars of our property interests are set out in “Appendix III — Property Valuation Report” to this document.

The following table sets forth the reconciliation between the net book value of our property as of December 31, 2025 in the Accountants’ Report set out in Appendix I to this document and the value of our property as of February 28, 2026 in the Property Valuation Report set out in Appendix III to this document.

	<i>(RMB in thousands)</i>
Net book value of the property as of December 31, 2025	249,757
Addition:	616
Less: Depreciation	305
Net book value of the property as of February 28, 2026	250,068
Net valuation surplus as of February 28, 2026	21,342
Value of the property as of February 28, 2026 as set out in “Appendix III — Property Valuation Report” to this document	271,410 ⁽¹⁾

Note:

- (1) Includes (i) market value in existing state of RMB116,677 thousand as of February 28, 2026, which does not take into account buildings on the property whose title certificates have not been obtained, and (ii) depreciated replacement cost of these buildings (excluding land element) of RMB154,733 thousand as of February 28, 2026, assuming the relevant title certificate has been obtained and they could be freely transferred.

FINANCIAL INFORMATION

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] million (based on an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] expenses consist of (i) [REDACTED] expenses, including [REDACTED] commission, of approximately HK\$[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, [REDACTED] expenses charged to our consolidated statements of profit or loss were HK\$[REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business — Our Development Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] (assuming the [REDACTED] is not exercised), after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the high end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED].

Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range and that the [REDACTED] is not exercised, we currently intend to apply these [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for the research and development of our pipeline products:
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used for the research and development of HL-1186, of which:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of HL-1186 for the treatment of postoperative acute pain. We plan to initiate two Phase IIb trials for postoperative acute pain focusing on abdominal and orthopedic surgeries, respectively, in the second quarter of 2026;
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of HL-1186 for the treatment of DPNP. We initiated a Phase II clinical trial in August 2025 and expect to complete this trial in the first half of 2027; and
 - (iii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the planned clinical trials of HL-1186 for the treatment of osteoarthritis pain. We will initiate a Phase II clinical trial in the second half of 2026 and expect to complete this trial in the second half of 2027.
- For details of HL-1186’s clinical development plan, see “Business — Our Products — Pain Management — Selected Pipeline Product — HL-1186.”
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for the research and development of H057, of which:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of H057 for the treatment of acute exacerbations of bronchiectasis. We initiated a Phase II clinical trial in July 2025 and plan to complete this trial in the second half of 2027; and

FUTURE PLANS AND [REDACTED]

- (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of H057 for the treatment of CAP. We plan to initiate a Phase II clinical trial in adults with moderate-to-severe CAP in the first half of 2027.

For details of H057’s clinical development plan, see “Business — Our Products — Immunology and Inflammation — Selected Pipeline Products — H057.”

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of YD0293 for the treatment of CRSsNP. We initiated a Phase IIa clinical trial in August 2025 and plan to complete this trial in the second quarter of 2026. We expect to initiate a Phase IIb trial in CRSsNP in the second half of 2026. For details of YD0293’s clinical development plan, see “Business — Our Products — Immunology and Inflammation — Selected Pipeline Products — YD0293.”
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of YD0743 for the treatment of sepsis and PALI. We initiated a Phase II trial in patients with sepsis in February 2026 and plan to complete this trial in the second half of 2027. We also plan to initiate a Phase II trial for PALI in the first half of 2027 to investigate the therapeutic potential of YD0743 for this indication. For details of YD0743’s clinical development plan, see “Business — Our Products — Immunology and Inflammation — Selected Pipeline Products — YD0743.”
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the clinical development of YD6390 for the treatment of IBD. We initiated a Phase I clinical trial in healthy subjects in November 2025, which we plan to complete in the second quarter of 2026. We obtained IND approval for YD6390 for the treatment of ulcerative colitis in March 2026 and plan to initiate a Phase II trial for this indication in the second half of 2026. For details of YD6390’s clinical development plan, see “Business — Our Products — Immunology and Inflammation — Selected Pipeline Products — YD6390.”
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing and planned clinical trials of H077 for the treatment of BPH. We are currently enrolling patients for H077’s Phase III trial and expect to complete this trial in the first half of 2028.

For details of H077’s clinical development plan, see “Business — Our Products — Other Chronic Disorders and Beyond — Selected Pipeline Products — H077.”

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the ongoing Phase III clinical trial of H062 for the treatment of resistant hypertension. We plan to complete this Phase III trial in the first half of 2027. For details of H062’s clinical development plan, see “Business — Our Products — Other Chronic Disorders and Beyond — Selected Pipeline Products — H062.”
- approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to other research and development programs.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

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FUTURE PLANS AND [REDACTED]

The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

If the [REDACTED] is exercised in full, the net [REDACTED] that we receive will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised in full, we intend to apply the additional net [REDACTED] to the above purposes in the proportions stated above.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[69], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI HUILUN PHARMACEUTICAL CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shanghai Huilun Pharmaceutical Co., Ltd. (上海滙倫醫藥股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-[69], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-[69] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2023, 2024 and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 25(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

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APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	4(a)	984,848	685,575	685,842
Cost of sales		<u>(134,852)</u>	<u>(116,890)</u>	<u>(114,651)</u>
Gross profit		849,996	568,685	571,191
Other net income	5	3,339	9,609	11,870
Selling and marketing expenses		(476,216)	(365,304)	(375,608)
Administrative expenses		(129,423)	(118,020)	(126,483)
Research and development expenses		(211,109)	(194,791)	(234,273)
(Impairment losses)/reversal of impairment losses on trade and other receivables		(4,044)	(3,098)	2,649
Profit/(loss) from operations		32,543	(102,919)	(150,654)
Finance costs	6(a)	<u>(11,884)</u>	<u>(20,776)</u>	<u>(23,274)</u>
Profit/(loss) before taxation	6	20,659	(123,695)	(173,928)
Income tax	7	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(loss) for the year attributable to equity shareholders of the Company		<u>20,659</u>	<u>(123,695)</u>	<u>(173,928)</u>
Other comprehensive (loss)/income for the year				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of an overseas subsidiary		<u>(63)</u>	<u>20</u>	<u>(24)</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive (loss)/income for the year		<u>(63)</u>	<u>20</u>	<u>(24)</u>
Total comprehensive income/(loss) for the year attributable to equity shareholders of the Company		<u>20,596</u>	<u>(123,675)</u>	<u>(173,952)</u>
Earnings/(loss) per share	<i>10</i>			
Basic and diluted (RMB)		<u>0.05</u>	<u>(0.32)</u>	<u>(0.44)</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	448,310	500,295	506,883
Right-of-use assets	12	79,892	67,828	60,010
Intangible assets	13	7,324	9,327	8,589
		<u>535,526</u>	<u>577,450</u>	<u>575,482</u>
Current assets				
Inventories	15	132,528	128,065	110,267
Trade and other receivables	16	260,312	358,206	247,132
Restricted deposits		4,380	15	1
Cash and cash equivalents	17	144,021	66,949	136,856
		<u>541,241</u>	<u>553,235</u>	<u>494,256</u>
Current liabilities				
Trade and other payables	18	234,784	204,328	193,322
Contract liabilities	19	1,031	266	425
Bank loans and other borrowings . .	20	374,509	477,750	249,359
Lease liabilities	21	17,317	15,079	13,109
		<u>627,641</u>	<u>697,423</u>	<u>456,215</u>
Net current (liabilities)/assets		<u>(86,400)</u>	<u>(144,188)</u>	<u>38,041</u>
Total assets less current liabilities . .		<u>449,126</u>	<u>433,262</u>	<u>613,523</u>
Non-current liabilities				
Bank loans and other borrowings . .	20	80,757	119,413	397,808
Deferred income	22	36,435	46,865	53,718
Lease liabilities	21	38,410	27,703	22,552
		<u>155,602</u>	<u>193,981</u>	<u>474,078</u>
NET ASSETS		<u>293,524</u>	<u>239,281</u>	<u>139,445</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES				
Share capital	25(b)	387,568	395,180	403,650
Reserves	25(c)	(94,044)	(155,899)	(264,205)
TOTAL EQUITY		293,524	239,281	139,445

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	15,079	13,004	11,734
Right-of-use assets	12	18,583	10,638	6,757
Intangible assets	13	5,798	8,331	7,965
Investment in subsidiaries	14	370,526	402,478	403,066
Amounts due from subsidiaries		<u>1,099,876</u>	<u>1,080,405</u>	<u>1,191,896</u>
		<u>1,509,862</u>	<u>1,514,856</u>	<u>1,621,418</u>
Current assets				
Inventories	15	2,080	27,448	13,194
Trade and other receivables	16	11,706	41,324	61,482
Cash and cash equivalents	17	<u>13,968</u>	<u>6,224</u>	<u>19,245</u>
		<u>27,754</u>	<u>74,996</u>	<u>93,921</u>
Current liabilities				
Trade and other payables	18	26,533	35,829	37,475
Amounts due to subsidiaries		988	2,294	34,635
Contract liabilities		39	24	173
Bank loans and other borrowings	20	219,573	288,126	60,333
Lease liabilities	21	<u>6,601</u>	<u>4,882</u>	<u>2,902</u>
		<u>253,734</u>	<u>331,155</u>	<u>135,518</u>
Net current liabilities		<u>(225,980)</u>	<u>(256,159)</u>	<u>(41,597)</u>
Total assets less current liabilities		<u>1,283,882</u>	<u>1,258,697</u>	<u>1,579,821</u>
Non-current liabilities				
Bank loans and other borrowings	20	—	—	279,900
Lease liabilities	21	<u>12,995</u>	<u>6,411</u>	<u>4,217</u>
		<u>12,995</u>	<u>6,411</u>	<u>284,117</u>
NET ASSETS		<u>1,270,887</u>	<u>1,252,286</u>	<u>1,295,704</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
	<i>Note</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES				
Share capital		387,568	395,180	403,650
Reserves		<u>883,319</u>	<u>857,106</u>	<u>892,054</u>
TOTAL EQUITY		<u>1,270,887</u>	<u>1,252,286</u>	<u>1,295,704</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Share capital RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023 . .		387,568	933,503	120	(1,105,416)	215,775
Changes in equity for 2023:						
Profit for the year		—	—	—	20,659	20,659
Exchange differences on translation of financial statements of an overseas subsidiary . . .		—	—	(63)	—	(63)
Total comprehensive income for the year . . .		—	—	(63)	20,659	20,596
Reclassification of financial liabilities recognised for preferential rights issued to investors to equity	25(c)	—	46,944	—	—	46,944
Equity-settled share-based payments	23	—	10,209	—	—	10,209
Balance at 31 December 2023		387,568	990,656	57	(1,084,757)	293,524

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ACCOUNTANTS’ REPORT

	<i>Note</i>	<u>Share capital</u> <i>RMB’000</i>	<u>Capital reserve</u> <i>RMB’000</i>	<u>Exchange reserve</u> <i>RMB’000</i>	<u>Accumulated losses</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
Balance at 1 January 2024 . .		387,568	990,656	57	(1,084,757)	293,524
Changes in equity for 2024:						
Loss for the year		—	—	—	(123,695)	(123,695)
Exchange differences on translation of financial statements of an overseas subsidiary . . .		—	—	20	—	20
Total comprehensive loss for the year		—	—	20	(123,695)	(123,675)
Issuance of new shares . .	25(b)	7,612	53,273	—	—	60,885
Equity-settled share-based payments	23	—	8,547	—	—	8,547
Balance at 31 December 2024		<u>395,180</u>	<u>1,052,476</u>	<u>77</u>	<u>(1,208,452)</u>	<u>239,281</u>

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	<i>Note</i>	<u>Share capital</u> <i>RMB’000</i>	<u>Capital reserve</u> <i>RMB’000</i>	<u>Exchange reserve</u> <i>RMB’000</i>	<u>Accumulated losses</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
Balance at 1 January 2025 . .		395,180	1,052,476	77	(1,208,452)	239,281
Changes in equity for 2025:						
Loss for the year		—	—	—	(173,928)	(173,928)
Exchange differences on translation of financial statements of an overseas subsidiary . . .		—	—	(24)	—	(24)
Total comprehensive loss for the year		—	—	(24)	(173,928)	(173,952)
Issuance of new shares . .	25(b)	8,470	63,530	—	—	72,000
Equity-settled share-based payments	23	—	2,116	—	—	2,116
Balance at 31 December 2025		<u>403,650</u>	<u>1,118,122</u>	<u>53</u>	<u>(1,382,380)</u>	<u>139,445</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash (used in)/generated from operations	17(b)	(37,475)	(155,849)	8,544
Net cash (used in)/generated from operating activities		<u>(37,475)</u>	<u>(155,849)</u>	<u>8,544</u>
Investing activities				
Payment for purchases of property, plant and equipment and intangible assets		(139,221)	(67,718)	(30,818)
Proceeds from disposals of property, plant and equipment		20	153	—
Proceeds from disposal of financial assets measured at fair value through profit or loss (“FVPL”) . .		<u>11,516</u>	<u>—</u>	<u>—</u>
Net cash used in investing activities . .		<u>(127,685)</u>	<u>(67,565)</u>	<u>(30,818)</u>
Financing activities				
Proceeds from new bank loans and other borrowings	17(c)	383,700	481,800	818,900
Repayment of bank loans and other borrowings	17(c)	(253,515)	(348,170)	(764,721)
Proceeds from issuance of new shares	25(b)	—	60,885	72,000
Interest paid	17(c)	(16,270)	(32,824)	(20,436)
Capital element of lease rentals paid .	17(c)	(9,466)	(12,838)	(10,805)
Interest element of lease rentals paid	17(c)	(2,232)	(2,524)	(1,938)
[REDACTED] expenses paid		<u>—</u>	<u>—</u>	<u>(837)</u>
Net cash generated from financing activities		<u>102,217</u>	<u>146,329</u>	<u>92,163</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net (decrease)/increase in cash and cash equivalents		(62,943)	(77,085)	69,889
Cash and cash equivalents at the beginning of the year	17(a)	206,925	144,021	66,949
Effect of foreign exchange rate changes.		<u>39</u>	<u>13</u>	<u>18</u>
Cash and cash equivalents at the end of the year	17(a)	<u>144,021</u>	<u>66,949</u>	<u>136,856</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

(a) General information

Shanghai Huilun Pharmaceutical Co., Ltd. (the “Company”) is a limited liability company established in the PRC on 5 February 2004 and converted into a joint stock company with limited liability on 16 June 2022 in Shanghai, People’s Republic of China (the “PRC”).

During the Track Record Period, the Company and its subsidiaries (collectively referred to as the “Group”) was principally engaged in the research and development, manufacturing and sale of pharmaceutical products.

The Company’s financial statements for the years ended 31 December 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises (the “CASBEs”) issued by the Ministry of Finance of the PRC were audited by Shandong Xinyuan Certified Public Accountants 山東信源有限責任會計師事務所 and Shanghai Certified Public Accountants (Special General Partners) 上會會計師事務所 (特殊普通合夥), respectively. No statutory financial statements have been prepared for the Company for the year ended 31 December 2025.

(b) Subsidiaries

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Huilun (Jiangsu) Pharmaceutical Co., Ltd. (“上海滙倫江蘇藥業有限公司”) (“Jiangsu Pharmaceutical”) (note (a) and (c))	The PRC 29 December 2010	RMB150,000,000	100%	—	Manufacturing and sale of pharmaceutical products
Shanghai Zeyuan Renkang Pharmaceutical Marketing Co., Ltd. (“上海澤源仁康醫藥營銷有限 公司”) (“Zeyuan Renkang”) (note (b) and (c))	The PRC 22 October 2024	RMB1,000,000	—	100%	Marketing of pharmaceutical products
Shanghai Huilun (Hubei) Pharmaceutical Co., Ltd. (“上海滙倫湖北製藥有限公司”) (“Hubei Pharmaceutical”) (note (b) and (c))	The PRC 11 November 2019	RMB130,000,000	100%	—	Manufacturing of pharmaceutical products
Shanghai Yidian Pharmaceutical Technology Development Co., Ltd. (“上海壹典醫藥科技開發有限 公司”) (“Yidian Pharmaceutical”) (note (b) and (c))	The PRC 9 October 2017	RMB78,000,000	100%	—	Research and development of pharmaceutical products

APPENDIX I

ACCOUNTANTS’ REPORT

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Yidi Biological Technology Co., Ltd. (“上海壹迪生物技術有限公司”) (“Yidi Biological”) (note (b) and (c))	The PRC 27 January 2021	RMB15,000,000	—	100%	Research and development of pharmaceutical products
Huilun Biotech LLC (“Huilun USA”) (note (b))	United States of America 11 May 2021	USD1,000,000	—	100%	Research and development of pharmaceutical products
Shanghai Purui Saisi Biological Technology Co., Ltd. (“上海譜銳賽 思生物技術有限公司”) (“Purui Saisi”) (note (b) and (c))	The PRC 31 October 2018	RMB1,000,000	100%	—	Research and development of pharmaceutical products
Shanghai Huilun Medicine Marketing Co., Ltd. (“上海滙倫 醫藥營銷有限公司”) (“Huilun Medicine Marketing”) (note (b) and (c))	The PRC 5 January 2023	RMB1,000,000	100%	—	Marketing of pharmaceutical products
Shanghai Xiaoxiong Cultural Communication Co., Ltd. (“上海泉雄文化傳播有限公司”) (“Xiaoxiong Cultural”) (note (b) and (c))	The PRC 14 December 2021	RMB200,000	100%	—	Marketing of pharmaceutical products
Shanghai Huilun (Guiyang) Technology Development Co., Ltd. (“上海滙倫(貴陽)科技開發有 限公司”) (“Guiyang Technology”) (note (b) and (c))	The PRC 28 April 2020	RMB50,000,000	100%	—	Research and development of pharmaceutical products
Wuhan Xu’an Pharmaceutical Co., Ltd. (“武漢煦安醫藥有限公司”) (“Wuhan Xu’an”) (note (b) and (c))	The PRC 10 July 2025	RMB100,000	100%	—	Research and development of pharmaceutical products
Zhengzhou Kerui Pharmaceutical Co., Ltd. (“鄭州柯瑞醫藥有限 公司”) (“Zhengzhou Kerui”) (note (b) and (c))	The PRC 10 July 2025	RMB100,000	100%	—	Research and development of pharmaceutical products

Notes:

- (a) The financial statements of Jiangsu Pharmaceutical for the year ended 31 December 2023 and 2024 prepared in accordance with CASBEs issued by the Ministry of Finance of the PRC were audited by Taizhou Hongrun Certified Public Accountants (General Partnership) 泰州弘潤會計師事務所(普通合夥). No statutory financial statements have been prepared for the Jiangsu Pharmaceutical for the year ended 31 December 2025.
- (b) No audited statutory financial statements have been prepared for these subsidiaries for the years ended 31 December 2023, 2024 and 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

- (c) These companies were limited liability companies under the law of the PRC. The official names of these companies are in Chinese. The English translation of the company names is for identification only.

(c) Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards consistently throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2025 are set out in note 31.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in RMB, rounded to the nearest thousand (“RMB’000”), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement and functional currency

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for the following assets and liabilities as explained in the accounting policies set out below:

- investments in debt and equity securities (see note 2(d)); and
- Redemption liabilities (see note 2(o)).

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “Functional Currency”).

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments in securities

The Group’s policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(s)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at

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amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) *Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of other property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Leasehold improvements	3–10 years
— Buildings	30 years
— Machinery and equipment	5–10 years
— Vehicles	5 years

Depreciation methods, useful life and residual values are reviewed annually and adjusted if appropriate.

(f) **Intangible assets**

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(h)).

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Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

— Software	5–10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see note 2(d)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and restricted deposits).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables and: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due events;
- the restructuring of a loan or advance by the group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGUs”).

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimate costs necessary to make the sale.

When inventories are sold, the carrying amounts of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(s)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including an allowance for credit losses (see note 2(h)(i)).

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(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institution, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

The Group recognises a refund liability if the Group expects to refund some, or all of the consideration of received from the customers. For the sale of pharmaceutical products, the Group recognises the revenue for the transferred products in the amount of consideration to which the Group expects to be entitled. Therefore, revenue would not be recognised for the products expects to be returned and a refund liability is recognised.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

(o) Redemption liabilities

A financial liability is recognised if the Group has the obligation to redeem any equity instruments issued on a specific date or at the option of the shareholders (including the options that are only exercisable in case of occurrence of certain contingent triggering events). The liability is initially recognised and measured at the present value of the redemption amount. Subsequently, the financial liability is measured at amortised cost with interest charged in finance costs.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The fair value of share-based payments is measured at grant date with reference to the price per share in the latest equity financing transaction, taking into account the terms and conditions upon which the share-based payment awards were granted. The amount is generally recognised as an expense, with a corresponding increase in capital reserves, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

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(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

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(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group’s business.

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

For the sale of pharmaceutical products, revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers up to 180 days. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discount estimated future cash receipts through expected life of the financial assets to the gross carrying amount of the financial asset. For financial assets measured at amortised cost are not credit-impaired, the effective interest rate is applied to the gross carrying amounts of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amounts net of loss allowance) of the asset (see note 2(h)(i)).

(b) Government grants

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of being recognised in other income.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

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(u) Research and development expenses

Research and development expenses comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development.

(v) Borrowing costs

Borrowing costs that are directly attributable to the construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person’s family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements and estimations used in preparation of the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 26 contains information about the assumption and their risk factors relating to financial instruments. Other key sources of significant estimation uncertainty are as follows:

(a) Expected credit losses for trade and other receivables

Expected credit losses for trade and other receivables are determined based on assumptions about risk of default and expected credit loss rates. The Group adjusts judgement in making the assumption and selecting inputs for computing such impairment loss, broadly based on the available customers’ historical data, existing market conditions including forward looking estimates at the end of each reporting periods.

(b) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(c) Impairment of non-financial assets

The Group and Company assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are research and development, manufacturing and sales of pharmaceutical products.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15			
Sales of pharmaceutical products	984,848	685,575	685,842

All of the Group’s revenue are recognised at a point in time.

Revenue from each major customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group’s revenue during the Track Record Period is set out below:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	332,303	170,362	191,227
Customer B	204,958	145,128	98,536
Customer C	107,637	85,279	95,415

Details of concentrations of credit risk arising from the Group’s customers are set out in note 26(a).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an expected duration of one year or less.

(b) Segment reporting

(i) Segment information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group’s chief operating decision maker is the chief executive officer of the Group who reviews the Group’s consolidated results of operations in assessing performance of and making decisions about resource allocations.

Accordingly, the Group has only one reportable segment and no further analysis of this single segment is presented.

(ii) Geographic information

No geographical information is shown as the revenue and profit from operations of the Group is substantially all derived from activities in the PRC and substantially all of the Group’s property, plant and equipment and intangible assets are located physically or operationally in the PRC.

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5 OTHER NET INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income from bank deposits	1,012	532	316
Government grants (<i>note i</i>)	6,474	10,817	12,350
Donations	(2,949)	(2,149)	(813)
Net gain/(loss) on disposal of property, plant and equipment and right-of-use assets	(1,351)	365	(117)
Others	153	44	134
	<u>3,339</u>	<u>9,609</u>	<u>11,870</u>

Note:

- (i) The government grants mainly represent subsidies received from the government to support the operation and research and development activities of the Group.

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank loans and other borrowings (<i>note 17(c)</i>)	16,383	26,091	25,261
Interest on lease liabilities (<i>note 17(c)</i>)	<u>2,232</u>	<u>2,524</u>	<u>1,938</u>
	<u>18,615</u>	<u>28,615</u>	<u>27,199</u>
Less: interest expense capitalised into construction in progress	<u>(6,731)</u>	<u>(7,839)</u>	<u>(3,925)</u>
	<u>11,884</u>	<u>20,776</u>	<u>23,274</u>

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(b) Staff costs (including directors’ and supervisors’ emoluments)

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and other benefits.	343,626	328,977	361,487
Contribution to defined contribution retirement plan	30,439	31,711	29,849
Equity-settled share-based payment expenses (note 23)	10,209	8,547	2,116
	<u>384,274</u>	<u>369,235</u>	<u>393,452</u>

Staff costs include remuneration of directors and senior management (note 8 and note 28(a)).

Pursuant to the relevant labour rules and regulations in the PRC, the Group’s PRC subsidiaries participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the local government authorities whereby the Group’s PRC subsidiaries are required to make contributions to the Schemes based on certain percentages of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Note	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Amortisation				
— intangible assets (note 13)		<u>1,141</u>	<u>1,849</u>	<u>2,498</u>
Depreciation				
— property, plant and equipment (note 11)		11,107	13,085	17,037
— right-of-use assets (note 12)		<u>13,618</u>	<u>12,184</u>	<u>11,366</u>
		<u>24,725</u>	<u>25,269</u>	<u>28,403</u>
Cost of inventories	(i)	134,852	116,890	114,651
[REDACTED] expenses.		—	—	3,813

Notes:

- (i) Cost of inventories includes staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in the note 6(b) for each of these types of expenses.

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7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax — PRC tax.	—	—	—
Deferred tax.	—	—	—
Total.	—	—	—

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit/(loss) before taxation.	20,659	(123,695)	(173,928)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the countries concerned (<i>note(i)</i>).	5,120	(30,984)	(43,548)
Statutory tax concession (<i>note(ii)</i>).	7,611	7,801	21,310
Additional deductible allowance for qualified research and development expenses (<i>note(iii)</i>).	(30,680)	(44,314)	(29,826)
Tax effect of deductible temporary difference and tax losses not recognised	24,010	67,430	51,198
Utilisation of tax losses previously not recognised	(9,178)	(2,766)	—*
Tax effect of non-deductible expenses	3,117	2,833	866
Actual tax expense	—	—	—

* The balance represents amount less than RMB500.

Notes:

- (i) The Group’s PRC subsidiaries are subject to Corporate Income Tax (“CIT”) at a statutory rate of 25% on their respective taxable income during the Track Record Period unless otherwise specified. The subsidiary incorporated in United States is subject to statutory federal corporate income tax at a rate of 21% and the state income tax at a rate of 8.7%.
- (ii) According to the PRC income tax law and its relevant regulations, entities qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company qualified as high-technology enterprise in 2021 and is entitled for a preferential tax rate of 15% from 2021 to 2023. The high technology qualification expired in November 2024 and was renewed in December 2025. Therefore the Company is subject to income tax rate of 25% in 2024 and a preferential income tax rate of 15% during the year ended 31 December 2025, respectively.

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- (iii) The subsidiary Jiangsu Pharmaceutical qualified as high-technology enterprise in 2025 and is entitled for a preferential tax rate of 15% during the year ended 31 December 2025. In addition, the Group’s certain subsidiaries of the Company satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises and are subject to a preferential income tax rate of 5% during the years ended 31 December 2023, 2024 and 2025, respectively.
- (iv) During the years ended 31 December 2023, 2024 and 2025, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations.

8 DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS

Directors’ and supervisors’ emoluments are as follows:

	Year ended 31 December 2023					
	Directors' fees	Salaries, allowances and benefits in kind	Contribution to defined contribution retirement plan	Sub-Total	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Dong Zhu (董竹). . .	—	—	—	—	—	—
Mr. Qin Jihong (秦繼紅).	—	1,209	68	1,277	348	1,625
Non-executive directors						
Mr. Dong Dalun (董大倫)	—	—	—	—	2,149	2,149
Mr. Yang Fangyi (楊方義)	—	—	—	—	—	—
Mr. Yang Miao (楊淼) . .	—	—	—	—	—	—
Mr. Wang Guangping (王光平)	—	—	—	—	348	348
Independent non-executive directors						
Mr. Yang Bo (楊波). . . .	60	—	—	60	—	60
Mr. Li Xianlin (李顯林) .	60	—	—	60	—	60
Mr. Liu Dongying (劉東瑩) (resigned in August 2023)	30	—	—	30	—	30
Mr. Yu Jianchun (俞建春) (appointed in August 2023)	30	—	—	30	—	30
Supervisors						
Mr. Zhang Yuhu (張玉虎)	—	534	66	600	167	767
Mr. Zhang Guanghui (張光輝)	—	318	37	355	—	355
Ms. Gu Xinxin (顧欣欣) .	—	468	57	525	56	581
Total	180	2,529	228	2,937	3,068	6,005

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Year ended 31 December 2024						
Directors’ fees	Salaries, allowances and benefits in kind	Contribution to defined contribution retirement plan	Sub-Total	Equity-settled share-based payment	Total	
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive directors						
Mr. Dong Zhu (董竹) . . .	—	542	55	597	—	597
Mr. Qin Jihong (秦繼紅) .	—	1,185	70	1,255	348	1,603
Non-executive directors						
Mr. Dong Dalun (董大倫)	—	—	—	—	2,378	2,378
Mr. Yang Fangyi (楊方義)	—	—	—	—	—	—
Mr. Yang Miao (楊淼) . .	—	—	—	—	—	—
Mr. Wang Guangping (王光平)	—	—	—	—	348	348
Independent non-executive directors						
Mr. Yang Bo (楊波) . . .	60	—	—	60	—	60
Mr. Li Xianlin (李顯林) .	60	—	—	60	—	60
Mr. Yu Jianchun (俞建春)	60	—	—	60	—	60
Supervisors						
Mr. Zhang Yuhu (張玉虎)	—	543	71	614	167	781
Mr. Zhang Guanghui (張光輝)	—	240	—	240	—	240
Ms. Gu Xinxin (顧欣欣) .	—	437	63	500	56	556
Total	180	2,947	259	3,386	3,297	6,683

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	Year ended 31 December 2025					
	Directors' fees	Salaries, allowances and benefits in kind	Contribution to defined contribution retirement plan	Sub-Total	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Dong Zhu (董竹). . .	—	712	73	785	—	785
Mr. Qin Jihong (秦繼紅). .	—	1,186	71	1,257	—	1,257
Mr. Zhang Yuhu (張玉虎) (appointed in August 2025)	—	228	27	255	59	314
Non-executive directors						
Mr. Dong Dalun (董大倫)	—	—	—	—	—	—
Mr. Chen Wei (陳尉) (appointed in August 2025)	—	—	—	—	—	—
Mr. Yang Fangyi (楊方義) (resigned in August 2025)	—	—	—	—	—	—
Mr. Yang Miao (楊淼) (resigned in July 2025)	—	—	—	—	—	—
Mr. Wang Guangping (王光平) (resigned in August 2025)	—	—	—	—	363	363
Independent non-executive directors						
Mr. Yang Bo (楊波) (resigned in August 2025)	40	—	—	40	—	40
Mr. Li Xianlin (李顯林) .	60	—	—	60	—	60
Mr. Yu Jianchun (俞建春)	60	—	—	60	—	60
Ms. Fung So Ching Jenny (馮素貞) (appointed in August 2025)	25	—	—	25	—	25
Supervisors						
Mr. Zhang Yuhu (張玉虎) (resigned in August 2025)	—	455	46	501	—	501
Mr. Zhang Guanghui (張光輝) (resigned in August 2025)	—	162	—	162	—	162
Ms. Gu Xinxin (顧欣欣) (resigned in August 2025)	—	136	41	177	—	177
Total	185	2,879	258	3,322	422	3,744

The directors’ and supervisors’ emoluments represented the amounts paid or payable for their services rendered to the Group since their appointment as directors or supervisors. The emoluments paid to them for service rendered as management prior to their appointments as directors or supervisors are not included in the above tables.

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended 31 December 2023, 2024 and 2025 are set forth below:

	Year ended 31 December		
	2023	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
Directors and supervisors	1	2	1
Other employees	4	3	4

The emoluments of the directors and supervisors are disclosed in note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals, are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits.	7,799	3,794	5,372
Equity-settled share-based payments.	464	460	122
Contribution to defined contribution retirement plan	177	146	203
Total fees and other emoluments	<u>8,440</u>	<u>4,400</u>	<u>5,697</u>

The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Numbers of employees		
	Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000.	—	—	—
HK\$1,000,001 to HK\$1,500,000	—	2	2
HK\$1,500,001 to HK\$2,000,000	—	1	2
HK\$2,000,001 to HK\$2,500,000	3	—	—
HK\$2,500,001 to HK\$3,000,000	1	—	—

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10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the Track Record Period is based on the profit/(loss) attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue, calculated as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit/(loss) attributable to equity shareholders of the Company	20,659	(123,695)	(173,928)
Weighted average number of ordinary shares ('000)			
Year ended 31 December			
	2023	2024	2025
Issued ordinary shares at 1 January	387,568	387,568	395,180
Effect of issuance of new shares (<i>Note 25(b)</i>)	—	1,019	2,738
Weighted average number of ordinary shares at 31 December	387,568	388,587	397,918

(b) Diluted earnings/(loss) per share

The Group had no dilutive potential ordinary shares in issue during the years ended 31 December 2023, 2024 and 2025. Accordingly, diluted earnings/(loss) per share were the same as basic earnings/(loss) per share.

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11 PROPERTY, PLANT AND EQUIPMENT

The Group

	<u>Buildings</u> <i>RMB'000</i>	<u>Leasehold improvements</u> <i>RMB'000</i>	<u>Machinery and equipment</u> <i>RMB'000</i>	<u>Vehicles</u> <i>RMB'000</i>	<u>Construction in progress</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
Cost:						
At 1 January 2023. . . .	—	9,179	83,893	2,021	246,678	341,771
Additions	—	199	15,768	—	149,376	165,343
Transfer from construction in progress	20,050	3,689	535	—	(24,274)	—
Disposals.	<u>—</u>	<u>—</u>	<u>(5,266)</u>	<u>(26)</u>	<u>—</u>	<u>(5,292)</u>
At 31 December 2023 and 1 January 2024 . . .	20,050	13,067	94,930	1,995	371,780	501,822
Additions	—	94	3,730	—	62,121	65,945
Transfer from construction in progress	—	34,214	30,916	—	(65,130)	—
Disposals.	<u>—</u>	<u>—</u>	<u>(1,230)</u>	<u>(299)</u>	<u>—</u>	<u>(1,529)</u>
At 31 December 2024 and 1 January 2025 . . .	20,050	47,375	128,346	1,696	368,771	566,238
Additions	—	196	2,776	—	20,969	23,941
Transfer from construction in progress	23,210	—	7,483	—	(30,693)	—
Disposals.	<u>—</u>	<u>—</u>	<u>(962)</u>	<u>—</u>	<u>—</u>	<u>(962)</u>
At 31 December 2025. . .	<u>43,260</u>	<u>47,571</u>	<u>137,643</u>	<u>1,696</u>	<u>359,047</u>	<u>589,217</u>
Accumulated depreciation						
At 1 January 2023. . . .	—	(3,918)	(41,167)	(1,032)	—	(46,117)
Charge for the year . . .	(209)	(2,487)	(8,174)	(237)	—	(11,107)
Disposals.	<u>—</u>	<u>—</u>	<u>3,688</u>	<u>24</u>	<u>—</u>	<u>3,712</u>
At 31 December 2023 and 1 January 2024	(209)	(6,405)	(45,653)	(1,245)	—	(53,512)
Charge for the year . . .	(635)	(2,908)	(9,304)	(238)	—	(13,085)
Disposals.	<u>—</u>	<u>—</u>	<u>521</u>	<u>133</u>	<u>—</u>	<u>654</u>
At 31 December 2024 and 1 January 2025 . . .	(844)	(9,313)	(54,436)	(1,350)	—	(65,943)
Charge for the year . . .	(635)	(5,520)	(10,739)	(143)	—	(17,037)
Disposals.	<u>—</u>	<u>—</u>	<u>646</u>	<u>—</u>	<u>—</u>	<u>646</u>
At 31 December 2025. . .	<u>(1,479)</u>	<u>(14,833)</u>	<u>(64,529)</u>	<u>(1,493)</u>	<u>—</u>	<u>(82,334)</u>
Net book value:						
At 31 December 2023. . .	<u>19,841</u>	<u>6,662</u>	<u>49,277</u>	<u>750</u>	<u>371,780</u>	<u>448,310</u>
At 31 December 2024. . .	<u>19,206</u>	<u>38,062</u>	<u>73,910</u>	<u>346</u>	<u>368,771</u>	<u>500,295</u>
At 31 December 2025. . .	<u>41,781</u>	<u>32,738</u>	<u>73,114</u>	<u>203</u>	<u>359,047</u>	<u>506,883</u>

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* At the end of each Track Record Period, certain Group’s buildings, plant and machinery and construction in progress with a net carrying amount of RMB255,882,000, RMB372,552,000 and RMB87,254,000 were pledged to secure certain bank loans and other borrowings of the Group (note 20).

The Company

	<u>Leasehold improvements</u> <i>RMB'000</i>	<u>Machinery and equipment</u> <i>RMB'000</i>	<u>Vehicles</u> <i>RMB'000</i>	<u>Construction in progress</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
Cost:					
At 1 January 2023.	797	23,421	836	220	25,274
Additions	193	3,530	—	1,065	4,788
Transfer from construction in progress. .	179	42	—	(221)	—
Disposals.	—	(1,529)	—	—	(1,529)
At 31 December 2023 and 1 January 2024	1,169	25,464	836	1,064	28,533
Additions	82	939	—	—	1,021
Transfer from construction in progress. .	526	—	—	(526)	—
Disposals.	—	(45)	—	—	(45)
At 31 December 2024 and 1 January 2025	1,777	26,358	836	538	29,509
Additions	—	1,830	—	—	1,830
Transfer from construction in progress. .	—	8	—	(8)	—
Disposals.	—	(308)	—	—	(308)
At 31 December 2025.	1,777	27,888	836	530	31,031
Accumulated depreciation					
At 1 January 2023.	(59)	(11,363)	(383)	—	(11,805)
Charge for the year	(268)	(2,298)	(120)	—	(2,686)
Disposals.	—	1,037	—	—	1,037
At 31 December 2023 and 1 January 2024	(327)	(12,624)	(503)	—	(13,454)
Charge for the year	(401)	(2,565)	(120)	—	(3,086)
Disposals.	—	35	—	—	35
At 31 December 2024 and 1 January 2025	(728)	(15,154)	(623)	—	(16,505)
Charge for the year	(429)	(2,562)	(84)	—	(3,075)
Disposals.	—	283	—	—	283
At 31 December 2025.	(1,157)	(17,433)	(707)	—	(19,297)
Net book value:					
At 31 December 2023.	842	12,840	333	1,064	15,079
At 31 December 2024.	1,049	11,204	213	538	13,004
At 31 December 2025.	620	10,455	129	530	11,734

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12 RIGHT-OF-USE ASSETS

(a) The reconciliation of the carrying amounts of right-of-use assets by class of underlying asset is as follows:

The Group

	<u>Leasehold land</u> <i>RMB'000</i>	<u>Properties leased for own use</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
Cost:			
At 1 January 2023	31,512	54,022	85,534
Additions	—	23,642	23,642
Disposals	<u>—</u>	<u>(5,885)</u>	<u>(5,885)</u>
At 31 December 2023 and 1 January 2024	31,512	71,779	103,291
Additions	—	12,589	12,589
Disposals	<u>—</u>	<u>(19,476)</u>	<u>(19,476)</u>
At 31 December 2024 and 1 January 2025	31,512	64,892	96,404
Additions	—	4,759	4,759
Disposals	<u>—</u>	<u>(5,277)</u>	<u>(5,277)</u>
At 31 December 2025	<u>31,512</u>	<u>64,374</u>	<u>95,886</u>
Accumulated depreciation			
At 1 January 2023	(1,523)	(13,353)	(14,876)
Charge for the year	(630)	(12,988)	(13,618)
Disposals	<u>—</u>	<u>5,095</u>	<u>5,095</u>
At 31 December 2023 and 1 January 2024	(2,153)	(21,246)	(23,399)
Charge for the year	(630)	(11,554)	(12,184)
Disposals	<u>—</u>	<u>7,007</u>	<u>7,007</u>
At 31 December 2024 and 1 January 2025	(2,783)	(25,793)	(28,576)
Charge for the year	(630)	(10,736)	(11,366)
Disposals	<u>—</u>	<u>4,066</u>	<u>4,066</u>
At 31 December 2025	<u>(3,413)</u>	<u>(32,463)</u>	<u>(35,876)</u>
Net book value:			
At 31 December 2023	<u>29,359</u>	<u>50,533</u>	<u>79,892</u>
At 31 December 2024	<u>28,729</u>	<u>39,099</u>	<u>67,828</u>
At 31 December 2025	<u>28,099</u>	<u>31,911</u>	<u>60,010</u>

* At the end of each Track Record Period, certain Group’s leasehold land with a net carrying amount of RMB29,359,000 in 2023 and RMB28,729,000 in 2024 was pledged to secure certain bank loans of the Group (note 20).

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The Company

	Properties leased for own use
	<i>RMB’000</i>
Cost:	
At 1 January 2023	21,207
Additions.	11,964
Disposals.	<u>(1,890)</u>
At 31 December 2023 and 1 January 2024.	31,281
Additions.	7,076
Disposals.	<u>(16,089)</u>
At 31 December 2024 and 1 January 2025.	22,268
Additions.	<u>693</u>
At 31 December 2025	<u>22,961</u>
Accumulated depreciation	
At 1 January 2023	(7,857)
Charge for the year.	(6,494)
Disposals.	<u>1,653</u>
At 31 December 2023 and 1 January 2024.	(12,698)
Charge for the year.	(5,517)
Disposals.	<u>6,585</u>
At 31 December 2024 and 1 January 2025.	(11,630)
Charge for the year.	<u>(4,574)</u>
At 31 December 2025	<u>(16,204)</u>
Net book value:	
At 31 December 2023	<u>18,583</u>
At 31 December 2024	<u>10,638</u>
At 31 December 2025	<u>6,757</u>

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(b) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	13,618	12,184	11,366
Interest on lease liabilities (<i>note 6(a)</i>)	2,232	2,524	1,938
Expense relating to short-term leases and low-value assets leases	3,618	3,267	3,271

Details of total cash outflow for leases and the maturity analysis of lease liabilities is set out in notes 17(d) and 21, respectively.

(i) Interests in leasehold land for own use

Interests in leasehold land held for own use represent payments for land use rights of land located in the PRC. Lump sum payments were made upfront and there are no ongoing payments to be made under the terms of the land lease in the PRC. The period for these land use rights is no more than 50 years.

(ii) Properties leased for own use

The Group has obtained the right to use plants and buildings through lease agreements. The leases typically run for an initial period of 3 to 5 years. Lease payments are usually increased to reflect market rentals. Some leases include an option to renew the lease for an additional period after the end of the contract term.

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13 Intangible assets

The Group

	<u>Software</u> <i>RMB’000</i>
Cost:	
At 1 January 2023	5,201
Addition	<u>4,781</u>
At 31 December 2023 and 1 January 2024	9,982
Addition	3,852
At 31 December 2024 and 1 January 2025	13,834
Addition	<u>1,760</u>
At 31 December 2025	<u>15,594</u>
Accumulated amortization:	
At 1 January 2023	(1,517)
Charge for the year	<u>(1,141)</u>
At 31 December 2023 and 1 January 2024	(2,658)
Charge for the year	(1,849)
At 31 December 2024 and 1 January 2025	(4,507)
Charge for the year	<u>(2,498)</u>
At 31 December 2025	<u>(7,005)</u>
Net book value:	
At 31 December 2023	<u>7,324</u>
At 31 December 2024	<u>9,327</u>
At 31 December 2025	<u>8,589</u>

The amortisation charge for the year/period is included in “research and development expenses”, “selling and marketing expenses” and “administrative expenses” in the consolidated statements of profit or loss and other comprehensive income.

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The Company

	<u>Software</u> <i>RMB’000</i>
Cost:	
At 1 January 2023	3,180
Addition	<u>3,864</u>
At 31 December 2023 and 1 January 2024	7,044
Addition	<u>3,854</u>
At 31 December 2024 and 1 January 2025	10,898
Addition	<u>1,761</u>
At 31 December 2025	<u>12,659</u>
Accumulated amortization:	
At 1 January 2023	(510)
Charge for the year	<u>(736)</u>
At 31 December 2023 and 1 January 2024	(1,246)
Charge for the year	<u>(1,321)</u>
At 31 December 2024 and 1 January 2025	(2,567)
Charge for the year	<u>(2,127)</u>
At 31 December 2025	<u>(4,694)</u>
Net book value:	
At 31 December 2023	<u>5,798</u>
At 31 December 2024	<u>8,331</u>
At 31 December 2025	<u>7,965</u>

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14 INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost			
Jiangsu Pharmaceutical	157,254	157,820	157,820
Hubei Pharmaceutical	130,358	130,692	130,692
Yidian Pharmaceutical	78,762	79,037	79,124
Guiyang Technology	—	30,000	30,000
Others	4,152	4,929	5,430
	<u>370,526</u>	<u>402,478</u>	<u>403,066</u>

15 INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	36,398	30,774	26,468
Work in progress	21,218	28,651	27,716
Finished goods	<u>79,852</u>	<u>71,810</u>	<u>71,401</u>
	137,468	131,235	125,585
Less: write-down of inventories	<u>(4,940)</u>	<u>(3,170)</u>	<u>(15,318)</u>
	<u>132,528</u>	<u>128,065</u>	<u>110,267</u>

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	2,080	14,693	13,773
Work in progress	—	4,563	5,316
Finished goods	<u>—</u>	<u>8,192</u>	<u>4,692</u>
	2,080	27,448	23,781
Less: write-down of inventories	<u>—</u>	<u>—</u>	<u>(10,587)</u>
	<u>2,080</u>	<u>27,448</u>	<u>13,194</u>

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(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of inventories sold . . .		129,541	112,429	99,597
Write-down of inventories		<u>5,311</u>	<u>4,461</u>	<u>15,054</u>
Carrying amount of inventories recognised as expenses	6(c)	<u><u>134,852</u></u>	<u><u>116,890</u></u>	<u><u>114,651</u></u>

16 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	232,832	323,930	212,622
Less: loss allowance	<u>(7,099)</u>	<u>(10,158)</u>	<u>(7,275)</u>
Trade receivables, net	<u>225,733</u>	<u>313,772</u>	<u>205,347</u>
Other receivables	5,919	9,901	10,868
Less: loss allowance	<u>(667)</u>	<u>(706)</u>	<u>(941)</u>
Other receivables, net	<u>5,252</u>	<u>9,195</u>	<u>9,927</u>
Bills receivables, carried at fair value through other comprehensive income	—	11,958	1,703
Prepayments	15,332	20,826	22,802
Value Added Tax (“VAT”) recoverable	<u>13,995</u>	<u>2,455</u>	<u>7,353</u>
	<u><u>260,312</u></u>	<u><u>358,206</u></u>	<u><u>247,132</u></u>

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ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	—	38,551	51,532
Less: loss allowance	—	(1,158)	(1,615)
Trade receivables, net	—	37,393	49,917
Other receivables	2,183	1,759	1,817
Less: loss allowance	(407)	(383)	(450)
Other receivables, net	1,776	1,376	1,367
Prepayments.	3,549	2,555	10,132
VAT recoverable	6,381	—	66
	<u>11,706</u>	<u>41,324</u>	<u>61,482</u>

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables, based on the billing date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year (inclusive)	225,179	309,793	194,713
1 to 2 years (inclusive)	260	3,803	10,621
2 to 3 years (inclusive)	294	42	13
Over 3 years.	—	134	—
	<u>225,733</u>	<u>313,772</u>	<u>205,347</u>

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year (inclusive)	—	37,393	48,873
1 to 2 years (inclusive)	—	—	1,044
	—	37,393	49,917

Trade receivables are generally due within 0 to 180 days from the invoice date. Further details on the Group’s credit policy and credit risk arising from trade receivables are set out in note 26(a).

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balance	144,021	66,949	136,856

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balance	13,968	6,224	19,245

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(b) Reconciliation of profit/(loss) before taxation to cash used in operations:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Profit/(loss) before taxation		20,659	(123,695)	(173,928)
Adjustments for:				
Depreciation of property, plant and equipment	6(c)	11,107	13,085	17,037
Depreciation of right-of-use assets	6(c)	13,618	12,184	11,366
Amortization of intangible assets	6(c)	1,141	1,849	2,498
Finance costs	6(a)	11,884	20,776	23,274
Equity-settled share-based payment expenses	23	10,209	8,547	2,116
Others		1,068	(352)	45
Changes in working capital:				
(Increase)/decrease in inventories		(7,556)	4,463	17,798
(Increase)/decrease in trade and other receivables		(112,057)	(82,894)	102,912
(Increase)/decrease in restricted bank deposits		(4,380)	4,365	14
Increase/(decrease) in trade and other payables		3,939	(23,842)	(1,600)
Increase in deferred income		27,668	10,430	6,853
(Decrease)/increase in contract liabilities		(14,775)	(765)	159
Cash (used in)/generated from operations		<u>(37,475)</u>	<u>(155,849)</u>	<u>8,544</u>

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(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statements as cash flows from financing activities.

	<i>Note</i>	Bank loans and other borrowings <i>RMB’000</i> <i>(Note 20)</i>	Lease liabilities <i>RMB’000</i> <i>(Note 21)</i>	Total <i>RMB’000</i>
At 1 January 2023.		324,968	41,797	366,765
Changes from financing cash flows:				
Proceeds from new bank loans and other borrowings.		383,700	—	383,700
Repayments of bank loans and other borrowings.		(253,515)	—	(253,515)
Capital element of lease rentals paid.		—	(9,466)	(9,466)
Interest element of lease rentals paid		—	(2,232)	(2,232)
Interest paid.		(16,270)	—	(16,270)
Total changes from financing cash flows		113,915	(11,698)	102,217
Other changes:				
Increase in lease liabilities from entering into new leases during the year.		—	23,642	23,642
Decrease in lease liabilities from termination of leases during the year.		—	(246)	(246)
Capitalisation of interest to property, plant and equipment	6(a)	6,731	—	6,731
Financial costs	6(a)	9,652	2,232	11,884
Total other charges.		16,383	25,628	42,011
At 31 December 2023.		455,266	55,727	510,993

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	<i>Note</i>	Bank loans and other borrowings <i>RMB’000</i> <i>(Note 20)</i>	Lease liabilities <i>RMB’000</i> <i>(Note 21)</i>	Total <i>RMB’000</i>
At 1 January 2024.		<u>455,266</u>	<u>55,727</u>	<u>510,993</u>
Changes from financing cash flows:				
Proceeds from new bank loans and other borrowings.		481,800	—	481,800
Repayments of bank loans and other borrowings.		(348,170)	—	(348,170)
Capital element of lease rentals paid.		—	(12,838)	(12,838)
Interest element of lease rentals paid		—	(2,524)	(2,524)
Interest paid.		<u>(32,824)</u>	<u>—</u>	<u>(32,824)</u>
Total changes from financing cash flows.		<u>100,806</u>	<u>(15,362)</u>	<u>85,444</u>
Other changes:				
Increase in bank loans and other borrowings from receiving bills receivables from lenders.		15,000	—	15,000
Increase in lease liabilities from entering into new leases during the year.		—	12,589	12,589
Decrease in lease liabilities from termination of leases during the year.		—	(12,696)	(12,696)
Capitalisation of interest to property, plant and equipment	6(a)	7,839	—	7,839
Financial costs	6(a)	<u>18,252</u>	<u>2,524</u>	<u>20,776</u>
Total other charges.		<u>41,091</u>	<u>2,417</u>	<u>43,508</u>
At 31 December 2024.		<u><u>597,163</u></u>	<u><u>42,782</u></u>	<u><u>639,945</u></u>

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	<i>Note</i>	Bank loans and other borrowings <i>RMB’000</i> <i>(Note 20)</i>	Lease liabilities <i>RMB’000</i> <i>(Note 21)</i>	Total <i>RMB’000</i>
At 1 January 2025.		597,163	42,782	639,945
Changes from financing cash flows:				
Proceeds from new bank loans and other borrowings.		818,900	—	818,900
Repayments of bank loans and other borrowings.		(764,721)	—	(764,721)
Capital element of lease rentals paid.		—	(10,805)	(10,805)
Interest element of lease rentals paid		—	(1,938)	(1,938)
Interest paid.		(20,436)	—	(20,436)
Total changes from financing cash flows		33,743	(12,743)	21,000
Other changes:				
Receiving cash from maturity of bills receivables from lenders.		(9,000)	—	(9,000)
Increase in lease liabilities from entering into new leases during the year.		—	4,759	4,759
Decrease in lease liabilities from termination of leases during the year.		—	(1,075)	(1,075)
Interest expense capitalised into construction in progress.	6(a)	3,925	—	3,925
Financial costs	6(a)	21,336	1,938	23,274
Total other charges.		16,261	5,622	21,883
At 31 December 2025.		647,167	35,661	682,828

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(d) Total cash outflows for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	3,618	3,267	3,271
Within financing cash flows	11,698	15,362	12,743
	<u>15,316</u>	<u>18,629</u>	<u>16,014</u>

18 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills payables	—	377	72
Trade payables	38,729	46,511	40,999
Payables relating to property, plant and equipment	78,194	71,578	62,125
Marketing expenses payables	20,386	14,479	10,135
Other payables	<u>14,375</u>	<u>12,189</u>	<u>6,213</u>
Trade and other payables measured at amortised cost	151,684	145,134	119,544
Accrued payroll and benefits	35,232	26,062	36,306
Other tax payables	17,026	5,688	10,914
Refund liabilities	<u>30,842</u>	<u>27,444</u>	<u>26,558</u>
	<u>234,784</u>	<u>204,328</u>	<u>193,322</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	11,559	17,533	18,640
Payables relating to property, plant and equipment	1,042	400	100
Other payables	3,205	4,615	1,048
Trade and other payables measured at amortised cost	15,806	22,548	19,788
Accrued payroll and benefits	9,979	7,984	11,474
Refund liabilities	—	3,838	4,869
Other tax payables	748	1,459	1,344
	26,533	35,829	37,475

As at the end of each reporting period, the ageing analysis of trade payables and bills payables, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	36,403	44,431	33,090
Over 1 year	2,326	2,457	7,981
	38,729	46,888	41,071

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	10,799	17,227	13,439
Over 1 year	760	306	5,201
	11,559	17,533	18,640

All of the trade payables are expected to be settled within one year or are repayable on demand.

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19 CONTRACT LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at 1 January	15,806	1,031	266
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year	(15,806)	(1,031)	(266)
Increase in contract liabilities as a result of receipts in advance	1,031	266	425
Balance at 31 December	1,031	266	425

Contract liabilities mainly include receipts in advance.

20 BANK LOANS AND OTHER BORROWINGS

(a) At the end of each reporting period, the bank loans and other borrowings were secured as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured bank loans (note i)	165,605	115,233	20,023
Guaranteed bank loans (note ii)	289,661	418,281	537,903
Secured other borrowings (note iii)	—	63,649	89,241
	455,266	597,163	647,167

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured bank loans (note i)	—	—	20,023
Guaranteed bank loans (note ii)	219,573	288,126	320,210
	219,573	288,126	340,233

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(i) Secured bank loans

As at 31 December 2023, 2024 and 2025, the secured bank loans carried interest rate ranging from 4.9% to 6.1% per annum, 5.99% to 6.0% per annum and 3.8% per annum, respectively.

These loans were secured by the Group’s property, plant and equipment, right-of-use assets. The details are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	255,882	291,079	—
Right-of-use assets	29,359	28,729	—
	<u>285,241</u>	<u>319,808</u>	<u>—</u>

In addition, all of the Company’s equity interest in Huilun Hubei was pledged to secure certain bank loans up to RMB148,500,000, and RMB115,000,000 at 31 December 2023 and 2024. All of the Company’s equity interest in Jiangsu Pharmaceutical was pledged to secure certain bank loans up to RMB16,886,000, at 31 December 2023.

(ii) Guaranteed bank loans

As at 31 December 2023, 2024 and 2025, the guaranteed bank loans were guaranteed by the Company, Mr. Dong Dalun and Shanghai Xintian Zhiyao Biotechnology Co., Ltd., and carried interest rate ranging from 3.45%–4.5% per annum, 3.35%–3.9% per annum and 3.00%–3.55% per annum, respectively.

(iii) Secured other borrowings

As at 31 December 2024 and 2025, the secured other borrowings from Far East Hongxin Financial Leasing Co., Ltd. carried interest rate at 6.45%–7.7% per annum and 6.45%–8.65% per annum, respectively.

These borrowings were secured by certain amounts of the Group’s property, plant and equipment. The details are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	—	81,473	87,254

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(b) Bank loans and other borrowings at the end of reporting periods were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	374,509	477,750	249,359
After 1 year but within 2 years.	31,257	62,606	382,282
After 2 years but within 5 years	49,500	56,807	15,526
	<u>455,266</u>	<u>597,163</u>	<u>647,167</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	219,573	288,126	60,333
After 1 year but within 2 years.	—	—	279,900
	<u>219,573</u>	<u>288,126</u>	<u>340,233</u>

21 LEASE LIABILITIES

As at the end of each reporting periods, the Group’s lease liabilities were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	17,317	15,079	13,109
After 1 year but within 2 years.	11,306	7,514	7,001
After 2 years but within 5 years	15,456	11,043	8,637
More than 5 years	11,648	9,146	6,914
	<u>55,727</u>	<u>42,782</u>	<u>35,661</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	6,601	4,882	2,902
After 1 year but within 2 years.	6,526	2,739	2,735
After 2 years but within 5 years	6,469	3,672	1,482
	<u>19,596</u>	<u>11,293</u>	<u>7,119</u>

22 DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grant	<u>36,435</u>	<u>46,865</u>	<u>53,718</u>

Deferred income of the Group represents government grants received for the construction of property, plant and equipment and the acquisition of leasehold land, which would be recognised as “other net income” on a straight-line basis over the expected useful lives of the relevant assets.

23 EQUITY-SETTLED SHARE-BASED PAYMENTS

Pursuant to a written shareholders’ resolution of the Company approved by the Directors of the Company on 30 November 2022, a Restricted Share Unit (“RSU”) Scheme (the “2022 Share Award Scheme”) was adopted for the purpose of providing incentives to eligible employees of the Group. In December 2022, the RSUs were granted to eligible employees of the Group through three companies, which act as the share-based payments vehicles, at a discounted price. The granted RSUs are subject to the service and performance vesting conditions, with 40%, 30% and 30% of the granted shares vested on the date falling 24 months, 36 months and 48 months from the grant date, respectively.

Pursuant to a written resolution of the Company approved by the Directors of the Company on 3 September 2025 (the “Amendment Date”), the Company amended the above-mentioned 2022 Share Award Scheme such that, from the Amendment Date, the performance vesting conditions were abolished and the service vesting conditions were modified to be the period from the grant date to the [REDACTED] of the Company’s H shares. On the same date, the Group granted certain RSUs to eligible employees under the scheme, at a discounted price and are subject to the amended service vesting conditions.

As the share incentive plan of employees has a vesting period, it shall be amortised and recognised as share-based payment expenses during the period from the grant date to the expected [REDACTED] date.

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Fair Value of the RSUs

The fair value of services received in return for the restricted shares granted was measured by reference to the fair value of share awards granted. The estimate of the fair value of the share awards granted was determined with reference to equity financing transaction with third parties of the Company close to the grant dates.

Movements in the number of granted shares under the 2022 Share Award Scheme are as follows:

	Year ended 31 December		
	2023	2024	2025
Outstanding at the beginning of the year	12,375,000	11,350,000	10,600,000
Granted during the year	—	—	3,100,000
Forfeited during the year	(1,025,000)	(750,000)	(225,000)
Outstanding at the end of the year	<u>11,350,000</u>	<u>10,600,000</u>	<u>13,475,000</u>

Pursuant to the 2022 Share Award Scheme, certain restricted shares were forfeited due to resignation of employees during the years ended 31 December 2023, 2024 and 2025.

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Right-of-use assets RMB'000	Lease Liabilities RMB'000	Total RMB'000
At 1 January 2023	(8,832)	8,832	—
(Charged)/credit to profit or loss	<u>(1,943)</u>	<u>1,943</u>	<u>—</u>
At 31 December 2023 and 1 January 2024	(10,775)	10,775	—
Credit/(charged) to profit or loss	<u>1,000</u>	<u>(1,000)</u>	<u>—</u>
At 31 December 2024 and 1 January 2025	(9,775)	9,775	—
Credit/(charged) to profit or loss	<u>4,845</u>	<u>(4,845)</u>	<u>—</u>
At 31 December 2025	<u>(4,930)</u>	<u>4,930</u>	<u>—</u>

(b) Deferred tax assets not recognised

In accordance with accounting policy set out in note 2(q), pursuant to the relevant laws and regulations in PRC, the unrecognized tax losses of the Company and the Group’s PRC subsidiaries at the end of each reporting period are RMB1,054,334,000, RMB1,350,827,000 and RMB1,763,323,000, respectively.

The tax losses of the Company and the Group’s PRC subsidiary Jiangsu Pharmaceutical, which have the qualifications as high-technology enterprise, can be carried forward for a maximum period of ten years; The tax losses of other PRC subsidiaries can be carried forward for a maximum period of five years.

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The Group also has accumulated tax losses in the US of RMB2,142,000, RMB3,411,000 and RMB4,827,000 in aggregate as at 31 December 2023, 2024 and 2025, respectively, that can be carried forward for a maximum period of twenty years.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of each reporting period are set out below:

The Company

	<u>Share capital</u> <i>RMB’000</i>	<u>Capital reserves</u> <i>RMB’000</i>	<u>Accumulated losses</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
Balance at 1 January 2023	387,568	933,503	(151,648)	1,169,423
Changes in equity for 2023:				
Profit for the year	—	—	44,311	44,311
Reclassification of financial liabilities recognised for preferential rights issued to investors to equity	—	46,944	—	46,944
Equity-settled share-based payments	—	10,209	—	10,209
Balance at 31 December 2023 and 1 January 2024	387,568	990,656	(107,337)	1,270,887
Changes in equity for 2024:				
Loss for the year	—	—	(88,033)	(88,033)
Issuance of shares	7,612	53,273	—	60,885
Equity-settled share-based payments	—	8,547	—	8,547
Balance at 31 December 2024 and 1 January 2025	395,180	1,052,476	(195,370)	1,252,286
Changes in equity for 2025:				
Loss for the year	—	—	(30,698)	(30,698)
Issuance of shares	8,470	63,530	—	72,000
Equity settled share-based payments	—	2,116	—	2,116
Balance at 31 December 2025	<u>403,650</u>	<u>1,118,122</u>	<u>(226,068)</u>	<u>1,295,704</u>

(b) Share Capital

As at 31 December 2023, 2024 and 2025, the Company has 387,568,000, 395,180,000 and 403,650,000 ordinary shares issued with par value of RMB1 for each share, respectively. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

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During the year ended 31 December 2024, the Company issued 7,612,000 ordinary shares to external investors with a consideration of RMB60,885,000, of which RMB7,612,000 and RMB53,273,000 was recognized in share capital and capital reserves respectively.

During the year ended 31 December 2025, the Company issued 8,470,000 ordinary shares to external investors with a consideration of RMB72,000,000, of which RMB8,470,000 and RMB63,530,000 was recognized in share capital and capital reserves respectively.

(c) Reserves

(i) Capital reserves

The capital reserves comprise the following:

- the difference between the consideration and the par value of the issued shares of the Company;
- the portion of the grant date fair value of equity-settled share-based payments granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(p)(ii);
- In 2020, the Company and an independent investor entered into an investment agreement, pursuant to which, the investor subscribed for the Company’s paid-in capital of RMB2,586,000 with a total cash consideration of RMB40,000,000. The investor would have the right but not the obligation to request the Company to purchase all or part of the shares of the Company held by the investor, upon the occurrence of the specified redemption triggering events. The Company recognised financial liabilities for its obligation to buy back the shares. In January 2023, the Group’s obligation under the investor’s preferential rights were terminated, accordingly the Group reclassified all of the financial liabilities recognised for the investor’s preferential rights into equity.

(ii) Exchange reserves

The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operation with functional currency other than RMB. The reserves are dealt with in accordance with the accounting policies set out in note 2(t).

(d) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and service commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

(e) Dividends

The directors of the Company did not propose the payment of any dividend during the Track Record Period.

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables. The Group’s exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount.

As at 31 December 2023, 2024 and 2025, 84.6%, 81.9% and 71.6% of the total trade receivables was due from the Group’s five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group grants its customers a credit term of up to 180 days and does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables as at 31 December 2023, 2024 and 2025:

The Group

		As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
		Gross carrying amount of trade receivables	Loss allowance	Gross carrying amount of trade receivables	Loss allowance	Gross carrying amount of trade receivables	Loss allowance
	Expected loss rate %	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year . . .	3.0%	232,175	(6,996)	319,384	(9,591)	200,805	(6,092)
1–2 years	10.0%	289	(29)	4,226	(423)	11,801	(1,180)
2–3 years	20.0%	368	(74)	53	(11)	16	(3)
3–5 years	50.0%	—	—	267	(133)	—	—
More than 5 years	100.0%	—	—	—	—	—	—
		<u>232,832</u>	<u>(7,099)</u>	<u>323,930</u>	<u>(10,158)</u>	<u>212,622</u>	<u>(7,275)</u>

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Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the trade receivables.

Movement in the loss allowance account in respect of trade receivables of the Group during the years ended 31 December 2023, 2024 and 2025 is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of the year	3,280	7,099	10,158
Impairment losses recognised/(reversed)	<u>3,819</u>	<u>3,059</u>	<u>(2,883)</u>
At end of the year	<u><u>7,099</u></u>	<u><u>10,158</u></u>	<u><u>7,275</u></u>

(b) Liquidity risk

The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans and other borrowings.	389,013	35,230	53,730	—	477,973	455,266
Trade and other payables measured at amortised cost (<i>note 18</i>).	151,684	—	—	—	151,684	151,684
Lease liabilities.	<u>19,845</u>	<u>13,080</u>	<u>18,399</u>	<u>14,080</u>	<u>65,404</u>	<u>55,727</u>
	560,542	48,310	72,129	14,080	695,061	662,677

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31 December 2024					
Contractual undiscounted cash outflow					
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans and other borrowings.	493,086	68,200	59,105	—	620,391
Trade and other payables measured at amortised cost (<i>note 18</i>).	145,134	—	—	—	145,134
Lease liabilities.	17,081	8,932	13,396	10,478	49,887
	<u>655,301</u>	<u>77,132</u>	<u>72,501</u>	<u>10,478</u>	<u>815,412</u>
					<u>785,079</u>
31 December 2025					
Contractual undiscounted cash outflow					
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans and other borrowings.	270,399	390,182	16,050	—	676,631
Trade and other payables measured at amortised cost (<i>note 18</i>).	119,544	—	—	—	119,544
Lease liabilities.	14,118	8,100	10,510	9,037	41,765
	<u>404,061</u>	<u>398,282</u>	<u>26,560</u>	<u>9,037</u>	<u>837,940</u>
					<u>802,372</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from cash at banks, restricted deposits, bank loans and other borrowings and lease liabilities. Financial assets and liabilities issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group’s interest rate profile as monitored by management is set out in (i) below.

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(i) Interest rate profile

The following table details the interest rate profile of the Group’s financial assets and liabilities at the end of the reporting period.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fixed-rate instruments:			
Lease liabilities	(55,727)	(42,782)	(35,661)
Bank loans and other borrowings	(306,572)	(418,281)	(490,361)
	<u>(362,299)</u>	<u>(461,063)</u>	<u>(526,022)</u>
Variable-rate instruments:			
Cash and cash equivalents	144,021	66,949	136,856
Restricted deposits	4,380	15	1
Bank loans and other borrowings	(148,694)	(178,882)	(156,806)
	<u>(293)</u>	<u>(111,918)</u>	<u>(19,949)</u>

(ii) Sensitivity analysis

The following table details the effect on the Group’s loss after tax and accumulated losses as at the end of each reporting period that an increase/decrease of 100 basis points in interest rates would have.

As at 31 December					
2023		2024		2025	
An increase of 100 basis points in interest rates	An decrease of 100 basis points in interest rates	An increase of 100 basis points in interest rates	An decrease of 100 basis points in interest rates	An increase of 100 basis points in interest rates	An decrease of 100 basis points in interest rates
RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000

Effective on:

(Profit)/loss for the year	(18)	18	775	(775)	99	(99)
Accumulated losses . . .	(18)	18	775	(775)	99	(99)

(d) Currency risk

The Group is not exposed to significant currency risk as the Group’s transactions denominated in foreign currencies were immaterial.

(e) Fair value measurement

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2023, 2024 and 2025.

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27 COMMITMENTS

Commitments outstanding at 31 December 2023, 2024 and 2025 not provided for in the financial statements were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment	49,379	34,790	24,881

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel emoluments

Emoluments for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in note 8, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits.	5,802	5,689	6,749
Equity-settled share-based payment (note 23)	3,416	3,645	620
Contribution to defined contribution retirement plan	367	404	405
	9,585	9,738	7,774

Total emoluments are included in “staff costs” (see note 6(b)).

(b) Identify of related parties

Name of the party	Relationship with the Group
Mr. Dong Dalun (董大倫)	One of the controlling shareholders
Mr. Dong Zhu (董竹)	One of the controlling shareholders
Ms Liuzhen Wang (王柳珍)	One of the controlling shareholders
Shanghai Huilun Yuyi Enterprise Management Partnership (Limited Partnership) (上海滙倫煜翼企業管理合夥企業(有限合夥)) (“Yuyi Enterprise Management”)	One of the controlling shareholders
Shanghai Huilun Feihe Enterprise Management Partnership (Limited Partnership) (上海滙倫斐赫企業管理合夥企業(有限合夥)) (“Feihe Enterprise Management”)	One of the controlling shareholders
Shanghai Huilun Yunbai Enterprise Management Partnership (Limited Partnership) (上海滙倫蘊柏企業管理合夥企業(有限合夥)) (“Yunbai Enterprise Management”)	One of the controlling shareholders
Shanghai Xintian Zhiyao Biotechnology Co., Ltd. (上海新天智藥生物技術有限公司) (“Shanghai Xintian Zhiyao”)	One of the controlling shareholders

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<u>Name of the party</u>	<u>Relationship with the Group</u>
Guiyang Xintian Pharmaceutical Co., Ltd. (貴陽新天藥業股份有限公司) (“Xintian Pharmaceutical”)	One of the controlling shareholders
Shanghai Shuofang Pharmaceutical Technology Co., Ltd. (上海碩方醫藥科技有限公司) (“Shanghai Shuofang”)	Entities Controlled by one of the controlling shareholders
Shanghai Jinzhu Information Technology Co., Ltd. (上海錦竺信息科技有限公司) (“Shanghai Jinzhu”)	Entities Controlled by one of the controlling shareholders
Shanghai Huilun Pharmaceutical Technology Co., Ltd. (上海滙倫醫藥科技有限公司) (“Huilun Technology”)	Entities Controlled by one of the controlling shareholders
Shanghai Dalun Medicine Development Co., Ltd. (上海大倫醫藥發展有限公司) (“Shanghai Dalun Medicine”)	Entities Controlled by one of the controlling shareholders
Guangzhou Youyi Health Pharmaceutical Chain Co., Ltd. (廣州市優醫健康藥業連鎖有限公司) (“Guangzhou Youyi”)	Entities Controlled by one of the controlling shareholders
Hainan Haitai Medical Technology Co., Ltd. (海南海泰醫療科技有限公司) (“Hainan Haitai”)	Entities controlled by a close family member of one of the controlling shareholders

(c) **Material related party transactions**

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of products:	<u>2,681</u>	<u>1,977</u>	<u>4,391</u>
Sales of service:	<u>189</u>	<u>508</u>	<u>219</u>
Purchase of machinery and equipment:	<u>—</u>	<u>—</u>	<u>1,664</u>
Purchase of service:	<u>520</u>	<u>20</u>	<u>960</u>
Lease rentals paid to:	<u>996</u>	<u>—</u>	<u>—</u>

(d) **Balances with related parties**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties:			
— Trade related:	<u>1,277</u>	<u>2,398</u>	<u>4,751</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(e) Guarantee provided by related parties

As disclosed in note 20, the bank loans of RMB454,685,000, RMB532,800,000 and RMB537,400,000 as at 31 December 2023, 2024 and 2025 were guaranteed by Mr. Dong Dalun and Shanghai Xintian Zhiyao. The guarantees are expected to be fully released and discharged prior to the [REDACTED].

29 IMMEDIATE AND ULTIMATE CONTROLLING SHAREHOLDERS

On 31 December 2025, the directors consider the immediate and ultimate controlling shareholders to be Mr. Dong Dalun, Mr. Dong Zhu, Ms. Liuzhen Wang, Yuyi Enterprise Management, Feihe Enterprise Management, Yunbai Enterprise Management, Shanghai Xintian and Xintian Pharmaceutical.

30 SUBSEQUENT EVENT

The Group did not have any material subsequent event after 31 December 2025 and up to the date of this report.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2025 and which have not been adopted in the Historical Financial Information, including:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures — Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the followings:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss and other comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

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APPENDIX I

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The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 28 February 2026 of the selected property interests of the Group.



Asia-Pacific Consulting and Appraisal Limited

Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

[•] 2026

The Board of Directors

Shanghai Huilun Pharmaceutical Co., Ltd.
Room 1001–1002, No. 562 Dong'an Road.,
Xuhui District,
Shanghai City,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value the selected property interests held by Shanghai Huilun Pharmaceutical Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 28 February 2026 (the “**Valuation Date**”).

The selected property interests form part of the Group’s non-property activities that has a carrying amount of 15% or more of the Group’s total assets and therefore the valuation report of this property interests is required to be included in this document.

APPENDIX III

PROPERTY VALUATION REPORT

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Methods of Valuation

Due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the buildings and structures of the properties have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

APPENDIX III

PROPERTY VALUATION REPORT

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including Real Estate Title Certificates and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC legal advisor — DeHeng Shanghai Law Office, concerning the validity of the property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in July 2025 by Ms. Genma Liang who is a member of Certified Public Valuer and has 2 years’ experience in property valuation in the PRC.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX III

PROPERTY VALUATION REPORT

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G. D. Cheng
MRICS
Partner

Note: David G. D. Cheng is a Chartered Surveyor who has over 20 years’ experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date RMB
1.	A parcel of land, 21 buildings and various structures located in No. 7 Gaoshigang Road, Yaojiagang Chemical Industrial Zone, Zhijiang, Yichang City, Hubei Province, The PRC	The property comprises a parcel of land with a site area of approximately 126,307.80 sq.m. and 21 buildings and various ancillary structures erected thereon which were completed in 2023. The 21 buildings have a total gross floor area of approximately [65,877.76] sq.m., include 4 workshops, 6 warehouses, 3 guardhouses, an office building, a logistics building, a laboratory building, a central control building and 4 ancillary buildings. The structures mainly include water tank, wastewater treatment tank, collection tank, fire protection engineering, tank farm, roads and boundary walls. The land use rights of the property have been granted to the Group for a term expiring on 8 June 2070 for industry use.	The property is currently occupied by the Group for production and ancillary purposes.	116,677,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — E-YC(ZJ) 20–00000721 dated 29 April 2020, the land use rights of a parcel of land with a site area of approximately 126,307.90 sq.m. were contracted to be granted to Shanghai Huilun Hubei Pharmaceutical Co., Ltd. (上海滙倫湖北制藥有限公司, “**Hubei Huilun**”), for a term of 50 years for industrial use commencing from the land delivery date. The land premium was RMB30,300,000.
- Pursuant to a Real Estate Title Certificate — E (2025) Zhijiang Shi Bu Dong Chan Quan Di No.0010646, the land use rights of a parcel of land with a site area of approximately 126,307.80 sq.m. have been granted to Hubei Huilun for a term expiring on 8 June 2070 for industry use.

APPENDIX III

PROPERTY VALUATION REPORT

3. For the 21 buildings with a total gross floor area of approximately [65,877.76] sq.m., we have not been provided with any title certificates except for the following documents:
 - a. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 420583202100076, 420583202100125, 420583202100227 in favour of Hubei Huilun, various buildings with a total gross floor area of approximately 76,982.46 sq.m. has been approved for construction (including the buildings of the property).
 - b. Pursuant to 5 Construction Work Commencement Permits — No. 420583202103150101, 420583202103150201, 420583202105130101, 420583202105130201, 420583202204210101 in favour of Hubei Huilun, permission by the relevant local authority was given to commence the construction work of various buildings with a total gross floor area of approximately 65,556.61 sq.m.
 - c. Pursuant to 13 Construction Work Completion Acceptance Filing Forms, 13 buildings with a total gross floor area of approximately [58,159.92] sq.m. have been completed and passed the acceptance inspection.
4. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisors, which contains, *inter alia*, the following:
 - a. The land use right of the property is mortgaged.
 - b. The buildings mentioned in note 3 have obtained the Land Use Planning Permit, Construction Work Planning Permits and Construction Work Commencement Permits. Hubei Huilun is currently in the process of applying for the ownership certificates for the buildings. There are no substantive obstacles to obtaining the ownership certificates.
5. In the valuation of this property, we have attributed no commercial value to the building of the property mentioned in note 3 whose proper title certificates have not been obtained. However, for reference purpose, we are of the opinion that the depreciated replacement cost of it (excluding land element) as at the Valuation Date would be RMB154,733,000 assuming the relevant title certificate has been obtained and it could be freely transferred.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. As the main purpose of this Appendix is to provide potential [REDACTED] with an overview of the Company’s Articles of Association, it may not necessarily contain all information that is important for prospective [REDACTED]. As discussed in the appendix headed “Appendix VIII — Documents Delivered to the Registrar of Companies and Available on Display” to document, the full document of the Articles of Association in Chinese is available for examination.

SHARES

Issuance of Shares

The Company’s shares shall be in registered form.

The Company’s shares shall be issued based on the principles of openness, fairness and justice. Shares of the same class carry equal rights. For the same class of shares of the same issuance, each share is issued on the same terms and at the same price. Any entity or individual pay the same price for any such shares subscribed.

The shares issued by the Company domestically and subscribed for in RMB are referred to as domestic unlisted shares. The shares issued by the Company overseas and subscribed for in foreign currencies and listed overseas are referred to as overseas listed shares. The overseas listed shares of the Company listed in Hong Kong are abbreviated as H Shares. H shares refer to shares that are listed on Hong Kong Stock Exchange upon approval, with their par value denominated in RMB and which are subscribed for and traded in HK dollars. With the filling by the State Council or an agency authorized by the State Council and the approval of the Hong Kong Stock Exchange, the domestic unlisted shares may be converted into H shares.

The domestic unlisted shares and overseas listed shares issued by the Company shall rank *pari passu* in respect of any distribution by way of dividend (including distributions in cash and in kind) or any distributions in any other forms. No powers shall be exercised to freeze or otherwise impair any of the rights attached to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Financial Assistance for Acquisition of Shares of the Company

The Company or its subsidiaries (including affiliates of the Company) shall not provide any gifts, advances, borrowings, guarantees or other forms of financial assistance to any person for the purpose of acquiring shares of the Company or its parent company, except for the implementation of an employee stock ownership plan of the Company.

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SUMMARY OF ARTICLES OF ASSOCIATION

Unless otherwise provided by laws, regulations or the securities regulatory rules of the place where the Company’s shares are listed, the Company may, in the interests of the Company and upon a resolution of the Shareholders’ meeting or a resolution of the Board of Directors in accordance with the Articles of Association or the authorization of the Shareholders’ meeting, provide financial assistance for the acquisition of shares of the Company or its parent company by other person, provided that the total accumulative amount of the financial assistance shall not exceed ten percent of the total issued equity capital. Resolutions of the Board of Directors shall be passed by more than two-thirds of all the Directors.

Where a violation of the preceding two paragraphs causes loss to the Company, the Directors and senior management responsible therefor shall be liable for the compensation.

Increase, Reduction and Repurchase of Shares***Registered Capital Increase***

Based on the needs of its operation and development, and in accordance with the provisions of laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, the Company may increase its registered capital by the following means upon separate resolutions of the Shareholders’ meeting:

- (i) offering of shares to unspecified targets;
- (ii) offering of shares to specified targets;
- (iii) distributing bonus shares to existing Shareholders;
- (iv) conversion of provident fund into equity capital;
- (v) other methods provided by laws, administrative regulations and other securities regulatory authorities of the place where the Company’s shares are listed.

After the Company’s capital increase to issue new shares is approved in accordance with the provisions of the Articles of Association and the securities regulatory rules of the place where the Company’s shares are listed, it shall be handled in accordance with the procedures stipulated under the relevant national laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Reduction of Registered Capital

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall be handled in accordance with the procedures stipulated under the relevant national laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

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SUMMARY OF ARTICLES OF ASSOCIATION

Repurchase of Shares

The Company shall not acquire its own shares, but except under any of the following circumstances:

- (i) to reduce the registered capital of the Company;
- (ii) to merge with another company that hold shares in the Company;
- (iii) to use the shares for employee shareholding schemes or share incentives;
- (iv) to acquire the shares of Shareholders who requests the Company to do so due to his/her objection to a resolution on the merger or division of the Company made by the Shareholders’ meeting;
- (v) to use the shares to satisfy the conversion of corporate bonds convertible into shares issued by the Company;
- (vi) where it is necessary for the Company to safeguard its corporate value and the interests of the Shareholders;
- (vii) other circumstances provided by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company’s shares are listed.

The Company may acquire its own shares by way of open and concentrated transactions or other methods permitted by laws, regulations, the securities regulatory rules of the place where the Company’s shares are listed and the relevant regulatory authorities, provided that such acquisition complies with the applicable securities regulatory rules of the place where the Company’s shares are listed.

Where the Company acquires its own shares under the circumstances specified in items (i) and (ii) above, a resolution of the Shareholders’ meeting shall be required. Where the Company acquires its own shares under the circumstances specified in items (iii), (v) and (vi) above, it shall be conducted by way of open and concentrated transactions and shall be approved by a resolution adopted at a meeting of the Board of Directors attended by more than two-thirds of the Directors, provided that such acquisition complies with the applicable securities regulatory rules of the place where the Company’s shares are listed. If the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, such rules shall be followed, provided that they do not violate the Company Law, the Securities Law and other applicable laws and regulations, and the Guidelines for Articles of Association of Listed Companies.

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SUMMARY OF ARTICLES OF ASSOCIATION

After the Company acquires its own shares in accordance with the foregoing provisions, and provided that such acquisition complies with the applicable securities regulatory rules of the place where the Company’s shares are listed, the shares acquired under item (i) shall be cancelled within 10 days from the date of acquisition; the shares acquired under items (ii) or (iv) shall be transferred or cancelled within six months; and the shares acquired under items (iii), (v) or (vi) which held by the Company shall not exceed 10% of the total number of issued shares of the Company in aggregate and shall be transferred or cancelled within three years. If the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, such rules shall be followed, provided that they do not violate the Company Law, the Securities Law and other applicable laws and regulations, and the Guidelines for Articles of Association of Listed Companies and other applicable relevant domestic laws and regulations.

When acquiring its own shares, the Company shall perform its information disclosure obligations under the Securities Law and the securities regulatory rules of the place where the Company’s shares are listed.

Transfer of Shares

Unless otherwise provided by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares are listed, the shares of the Company may be transferred in accordance with law.

The Company shall not accept its own shares as the subject of a pledge right.

Shares of the Company issued prior to its public offering of shares shall not be transferred within one year from the date of listing and trading of the Company’s shares on a stock exchange.

The Directors and senior management of the Company shall report to the Company their shareholdings in the Company and any changes therein. The number of shares transferred by them each year during their term of office as determined at the time of taking office shall not exceed 25% of the total number of shares they hold in the Company. The shares they hold in the Company shall not be transferred within one year from the date of listing and trading of the Company’s shares. The aforementioned persons shall not transfer the Company’s shares held by them within half a year after their resignation.

Any transfer of shares of the Company by Controlling Shareholders or an Actual Controllers shall comply with the restrictive provisions on share transfer under the laws, administrative regulations, the rules of the CSRC and the securities regulatory authorities and stock exchanges of the place where the Company’s shares are listed, as well as any undertaking made by them in respect of restrictions on share transfer.

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SUMMARY OF ARTICLES OF ASSOCIATION

SHAREHOLDERS AND SHAREHOLDERS’ MEETING**Shareholders*****Register of Shareholders***

The Company shall establish a Register of Shareholders based on the vouchers provided by the securities registration and clearing authorities. The Register of Shareholders shall be sufficient evidence for the Shareholders’ shareholding in the Company. In compliance with the requirements of the Hong Kong Listing Rules, the Company shall keep the original Register of H Shareholders in Hong Kong for inspection by Shareholders. However, the Company may suspend the registration of Shareholders in accordance with Section 632 of the Companies Ordinance (chapter 622 of the Laws of Hong Kong) or equivalent provisions and the securities regulatory rules of the place where the Company’s shares are listed. If the applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company’s shares are listed contain specific provisions regarding the suspension of registration of changes to the Register of Shareholders, such provisions shall prevail.

Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall enjoy equal rights and assume the same obligations.

In case of loss of H Shares by an overseas-listed H Shareholder and applies for reissue, it may be handled in accordance with the laws or the rules of the stock exchange of the place where the original Register of overseas-listed H Shareholders is kept, or other relevant provisions.

Rights and Obligations of Shareholders

The Shareholders of the Company shall have the following rights:

- (i) to receive dividends and profit distributions in any other forms in proportion to their shareholdings;
- (ii) to lawfully request the convening, convocation, and preside over, attend, or appoint a Shareholder proxy to attend the Shareholders’ meeting, and to exercise corresponding rights to speak and vote (unless any Shareholder is required to waive the voting right in respect of any particular matter under the relevant requirements of the place where the Company’s securities are listed);
- (iii) to supervise, make recommendations or make inquiries about the operations of the Company;
- (iv) to transfer, gift, or pledge their shares in the Company in accordance with laws, administrative regulations, and the provisions of the Articles of Association;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (v) to inspect and make copies of the Articles of Association, the Register of Shareholders, the minutes of the Shareholders’ Meetings, the resolutions of the Board of Directors, and the financial and accounting reports. A Shareholder who individually or collectively holds 3% or more of the shares of the Company for 180 consecutive days or more may inspect the accounting books and vouchers of the Company. If the securities regulatory rules of the place where the Company’s shares are listed provide otherwise, such provisions shall prevail;
- (vi) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to their shareholdings;
- (vii) to require the Company to purchase their shares in the event of their objection to the resolutions on the merger or division of the Company of the Shareholders’ meeting;
- (viii) to inspect the Hong Kong branch register of the Company’s Register of Shareholders, but the Company may suspend the registration of Shareholders in accordance with Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and other relevant provisions (provided that such suspension shall not exceed 30 days and an announcement shall be published at least 7 business days in advance);
- (ix) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

Any Shareholder requesting to inspect or copy the relevant materials mentioned in the preceding Article shall comply with the provisions of the Company Law, the Securities Law, and other laws and administrative regulations on the protection of state secrets, commercial secrets, personal privacy, and personal information, and shall provide the Company with written documents proving the class and number of shares they hold in the Company. The Company shall provide such materials in accordance with the Shareholder’s request after verifying the Shareholder’s identity.

The Shareholder who individually or collectively holds 3% or more of the Company’s shares for 180 consecutive days or more and requests to inspect the Company’s accounting books and vouchers shall submit a written request to the Company stating the purpose. If the Company has reasonable grounds to believe that the Shareholder’s inspection of the accounting books and vouchers is for an improper purpose and may harm the legitimate interests of the Company, it may refuse the inspection and shall respond in writing to the Shareholder within 15 days from the date of receiving the written request from the Shareholder and provide the reasons for refusal. If the Company refuses to provide the inspection, the Shareholder may file a lawsuit with the People’s Court.

Shareholders may appoint an accounting firm, a law firm or other intermediaries to inspect the materials specified in the preceding paragraph.

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The Shareholder and the appointed intermediary institution (such as an accounting firm or a law firm) shall comply with the provisions of relevant laws and administrative regulations on the protection of state secrets, commercial secrets, personal privacy, and personal information when inspecting the relevant materials.

If a Shareholder requests to inspect and copy the relevant materials of the Company’s wholly-owned subsidiaries, the provisions of the preceding paragraphs shall apply.

Any resolution of the Shareholders’ meeting or the Board of Directors that violates laws or administrative regulations shall be invalid.

If the convening procedures or voting methods of a Shareholders’ Meeting or a meeting of the Board of Directors violate laws, administrative regulations, or the Articles of Association, or if the content of a resolution violates the Articles of Association, the Shareholder shall have the right to request the People’s Court to cancel such resolution within 60 days from the date on which the resolution was made. However, it shall not apply if the convening procedures or voting methods of the Shareholders’ Meeting or the meetings of the Board of Directors contain only minor defects and have no substantial effect on the resolution.

Any Shareholder who was not notified to attend the Shareholders’ meeting may request the People’s Court to cancel the resolution within 60 days from the date on which he/she became aware or should have become aware of the resolution was made. If such right to cancel is not exercised within one year from the date on which the resolution was made, the right shall be extinguished.

Where the Board, Shareholders or other stakeholders dispute the validity of a resolution of a Shareholders’ meeting, they shall promptly file a litigation with the People’s Court. Prior to the issuance of a judgment or ruling by the People’s Court to annul such resolution or otherwise, the relevant parties shall comply with and implement the resolution of the general meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the People’s Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, relevant regulations of the CSRC and the securities regulatory authorities of the place where the Company’s shares are listed, fully explain the impact of the judgement or ruling on the Company, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. If the matter involves the correction of prior-period items, the Company shall handle such corrections in a timely manner and perform the corresponding disclosure obligations.

Where the Company incurs losses as a result of violation by Directors and members of the senior management other than members of the audit committee of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, the Shareholders individually or in the aggregate holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the audit committee to initiate proceedings to the People’s Court; where the

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Company incurs losses as a result of violation by the audit committee of any provisions of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, such aforementioned Shareholders may make a request in writing to the Board of Directors to initiate proceedings to the People’s Court.

In the event that the audit committee or the Board of Directors refuses to initiate proceedings after receiving the written request of Shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date of receiving such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company’s interests, the Shareholders described in the preceding paragraph shall have the right to for the benefit of the Company initiate proceedings to the People’s Court directly in their own names.

If any director or senior management violates laws, administrative regulations, or the provisions of the Articles of Association and thereby impairs the interests of Shareholders, the Shareholders may initiate legal proceedings in the People’s Court.

The Shareholders of the Company shall have the following obligations:

- (i) to observe the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association;
- (ii) to pay the amounts of shares as per the shares subscribed for and the method of subscription;
- (iii) not to withdraw its equity capital, except under circumstances stipulated by laws and administrative regulations;
- (iv) not to abuse Shareholder’s right to harm the interests of the Company or other Shareholders and not to abuse the Company’s position as an independent legal person status and the Shareholder’s limited liability protection to harm the interests of the creditors of the Company;
- (v) to fulfil other obligations stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Where the Shareholders of the Company abuse the rights of Shareholders and thus causes loss to the Company or other Shareholders, they shall be liable for compensation according to laws. Where the Shareholders of the Company abuse the independent status of the Company as a legal person or the limited liability of Shareholders for the evasion of debts and thus cause serious damages the interests of the creditors of the Company, they shall assume joint and several liability for the debts of the Company.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Controlling Shareholders and Actual Controllers

Controlling Shareholders and Actual Controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as Shareholders in accordance with the law and not to abuse their control or use their connected relationship to prejudice the legitimate interests of the Company or other Shareholders;
- (ii) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;
- (iii) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (iv) not to appropriate the Company’s funds in any way;
- (v) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) not to make use of the Company’s undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (vii) not to prejudice the legitimate interests of the Company and other Shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment or any other means;
- (viii) to ensure the integrity of the Company’s assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) laws, administrative regulations, and other provisions of the CSRC, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles of Association.

The Controlling Shareholders and Actual Controllers of the Company who do not serve as Directors of the Company but actually carry out the Company’s affairs shall be subject to the provisions of the Articles of Association regarding the fiduciary duty and diligence duty of Directors.

Where the Controlling Shareholders and Actual Controllers of the Company instructs a Director or senior officer to engage in an act that is detrimental to the interests of the Company or Shareholders, he/she shall bear joint and several liability with the Director or senior officer.

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General Rules for Shareholders’ Meeting

The Shareholders’ meeting of the Company is composed of all Shareholders. The Shareholders’ meeting is the organ of authority of the Company and shall exercise its functions and powers as follows:

- (i) to elect and replace Directors and to decide on matters relating to the remuneration of Directors;
- (ii) to examine and approve the Board’s reports;
- (iii) to examine and approve the Company’s profit distribution plans and loss recovery plans;
- (iv) to decide on the increase or reduction of the Company’s registered capital;
- (v) to decide on the issue of debentures by the Company;
- (vi) to decide on matters such as merger, division, dissolution, liquidation or amendment to the organizational structure of the Company;
- (vii) to amend the Company’s Articles of Association;
- (viii) to decide on the appointment and dismissal of the certified public accountants’ firm of the Company that undertakes the Company’s audit business;
- (ix) to examine and approve transactions that must be decided by the Shareholders’ meeting as provided in the laws, administrative rules, the securities regulatory rules of the place where the shares of the Company are listed and the provisions of the Articles of Association and issues of guarantee as provided in the Articles of Association;
- (x) to examine the Company’s annual significant asset purchase or sale exceeding 30% of the audited total asset in the immediate preceding period;
- (xi) to authorize the Board to make a resolution on the issuance of Shares and bonds convertible into Shares by the company, in compliance with the provisions of relevant laws, regulations, and the securities regulatory rules of the place where the Shares of the Company are listed;
- (xii) to examine and approve any change in the use of funds raised;
- (xiii) to examine Share Incentive Scheme and Employee Stock Ownership Plan;
- (xiv) to examine transactions requiring Shareholders’ approval pursuant to the securities regulatory rules of the place where the Shares of the Company are listed;

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- (xv) to examine other matters that, under laws, administrative regulations, departmental rules, the CSRC and the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association, must be decided by the Shareholders’ meeting.

The Shareholders in a Shareholders’ meeting may authorize the Board to carry out matters on their behalf or which they may sub-delegate to the Board provided that such authorization does not violates the relevant laws, regulations, the CSRC and the securities regulatory rules of the place where the Shares of the Company are listed.

The following external guarantee activities of the Company shall be submitted to the Shareholders’ meeting for consideration and approval after consideration and approval by the Board:

- (i) the provision of any guarantee where the amount of the external guarantee by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets;
- (ii) the provision of any guarantee where the amount of the external guarantee by the Company exceeds 30% of the Company’s latest audited total assets;
- (iii) the amount of the guarantee provided to others for a year exceeds 30% of the Company’s latest audited total assets;
- (iv) any guarantee to be provided by the Company in favour of any entity which has a gearing ratio of over 70%;
- (v) a single guarantee exceeds 10% of the Company’s latest audited net assets;
- (vi) any guarantee to be provided in favour of Shareholders, Actual Controllers and their connected persons;
- (vii) other external guarantee matters that shall be decided by the Shareholders’ meeting as required by the relevant laws and regulations or the securities regulatory rules of the place where the Shares of the Company are listed or the provisions of the Articles of Association.

Shareholders’ meeting shall include annual Shareholders’ meeting and extraordinary general meeting. The annual Shareholders’ meeting shall be convened once a year, and shall be held within 6 months of the end of the previous financial year.

The Company shall call an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) the number of Directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (ii) the losses of the Company that have not been made up reach one third of total equity capital;

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- (iii) Shareholders that hold, individually or collectively, more than 10% of the Shares in the Company request to hold such meeting in writing;
- (iv) the Board considers it necessary;
- (v) the Audit Committee proposes that such a meeting be held;
- (vi) other circumstances under laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed or the provisions of the Articles of Association.

The shareholdings as described in item (iii) above shall be calculated as per the Shares of the Company held by the Shareholders on the date when such written request is made by such Shareholders.

If an extraordinary general meeting is convened in response to the provisions of the securities regulatory rules of the place where the Shares of the Company are listed, the actual date of convening the extraordinary general meeting may be adjusted based on the provisions of the relevant rules (if applicable) of the stock exchange where the Shares of the Company are listed.

Convening of Shareholders’ Meeting

The Board shall timely convene the Shareholders’ meeting within the timeframe as provided.

With the approval by a majority of all independent non-executive Directors, the independent non-executive Directors have the right to propose to the Board in writing to hold an extraordinary general meeting. Pursuant to the provisions under the laws, administrative rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, the Board shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the independent non-executive Directors’ proposal. If the Board agrees to convene the extraordinary general meeting, a notice for convening the Shareholders’ meeting shall be issued within 5 days after the resolution has been made by the Board; an announcement with relevant explanation shall be made if the Board does not agree to convene the extraordinary general meeting.

The Audit Committee have the right to propose to the Board in writing to hold an extraordinary general meeting. The Board shall, in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, give a written response on whether or not it agrees to call such meeting within ten days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, a notice for convening the extraordinary general meeting shall be issued within 5 days after the resolution has been made by the Board, and any changes to the original proposed resolution in the notice shall be made only with the consent of the Audit Committee.

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If the Board does not agree to convene the extraordinary general meeting, or no feedback is given within 10 days after receiving the proposal, it will be deemed that the Board is unable to fulfill or fails to fulfill its responsibilities to convene the Shareholders’ meeting. The Audit Committee hereby can convene and preside the meeting by itself.

A Shareholder alone or Shareholders together holding more than 10% of the Company’s Shares shall have the right to make a request to the Board to call an extraordinary general meeting and the proposal shall be made in writing. The Board shall, in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, give a written response on whether or not it agrees to call such a meeting within ten days after receipt of the request.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of meeting within 5 days of its decision, and any changes to the original request shall be made only with the consent of the relevant Shareholders.

If the Board does not agree to convene the extraordinary general meeting, or no feedback is given within 10 days after receiving the proposal, Shareholders individually or in aggregate holding over 10% of the Shares of the Company are entitled to propose to convene the extraordinary general meeting to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue the notice of meeting within 5 days of receipt of the proposal, and any changes to the original request shall be made only with the consent of the relevant Shareholders.

If the Audit Committee fails to issue a notice of Shareholders’ meeting within the prescribed period, the Audit Committee shall be deemed not to convene and preside the meeting. Shareholders individually or in aggregate holding over 10% of the Shares of the Company for 90 consecutive days may convene and preside the meeting on their own.

If the Audit Committee or the Shareholders decides/decide to convene the Shareholders’ meeting by itself/themselves, a written notice shall be given to the Board and in the meantime report shall be made to the stock exchange of the place where the Shares of the Company are listed for record or announce.

Before publishing the resolutions of the Shareholders’ meeting, Shares held by the convening Shareholders shall not be less than 10% (excluding treasury Shares) (inclusive).

The Audit Committee or the convoking Shareholders shall, when dispatching the notice for the Shareholders’ meeting and announcing the resolution of the Shareholders’ meeting, submit the relevant supporting documents (if required) to the securities regulatory authorities in the Company’s place of registration and the stock exchange where the Shares of the Company are listed, in accordance with the relevant laws and regulations and the rules of the stock exchange where the Shares of the Company are listed.

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The Board and the secretary to the Board should accommodate to the Shareholders’ meeting convened by the Audit Committee or the Shareholders. The Board shall provide the list of Shareholders on the record day.

The Company shall bear any and all expenses necessary for the Shareholders’ meeting convened by the Audit Committee or Shareholders on its or their own.

Proposing Resolutions for and Notices of Shareholders’ Meeting

When the Company convenes a Shareholders’ meeting, the Board, the Audit Committee and Shareholders individually and jointly holding more than 1% of the Company’s Shares have the right to propose resolutions to the Company.

The Shareholders solely or aggregately holding more than 1% of the Company’s Shares may make an interim draft resolution to the convener in writing 10 days before the convening of the Shareholders’ meeting. The convener shall, within 2 days after the receipt of the draft resolution, make a supplementary notice of Shareholders’ meeting and make announcements in respect of such interim draft resolution, and submit the interim draft resolution to the Shareholders’ meeting for consideration; However, that the interim draft resolution shall not be in violation of the provisions of the laws, administrative regulations or the Articles of Association, or shall not fall within the terms of reference of the Shareholders’ meeting. If, according to the securities regulatory rules of the place where the Shares of the Company are listed, the Shareholders’ meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Shares of the Company are listed.

Apart from the above, no amendment to the resolutions as set out in the notice of the Shareholders’ meeting or proposal of new resolutions shall be made after the convener has issued the notice of the Shareholders’ meeting.

Any proposal not set out in the notice of the Shareholders’ meeting or not complying with Article 55 of the Articles of Association shall not be put to the vote and no resolution shall be made thereon at the Shareholders’ meeting.

The convener shall notify each Shareholder in writing (including by announcement) at least 21 days before the annual Shareholders’ meeting, and at least 15 days before the extraordinary general meeting.

The periods of “21 days” and “15 days” shall not include the day on which the meeting is convened but include the day of the notice and announcement.

Notice of the Shareholders’ meeting shall include the following:

- (i) time, place and duration of the meeting;
- (ii) matters and proposals to be submitted to the meetings for consideration;

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- (iii) an explanation in conspicuous words: all Shareholders are entitled to attend the Shareholders’ meeting, and may in writing appoint a proxy to attend and vote at such meeting, such proxy may not necessarily be a Shareholder of the Company;
- (iv) share registration date for Shareholders who are entitled to attend the Shareholders’ meeting;
- (v) name and telephone number of associates for the Shareholders’ meeting;
- (vi) the timing and procedure for voting online or otherwise;
- (vii) other matters as required by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Shares of the Company are listed.

Convening of Shareholders’ Meeting

All Shareholders registered on the record date or their proxies have the right to attend the Shareholders’ meeting and, in accordance with relevant laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association, speak at the Shareholders’ meeting and exercise voting rights at the Shareholders’ meeting (unless individual Shareholders are required to abstain from voting on particular matters under the securities regulatory rules of the place where the Shares of the Company are listed).

The Shareholders may attend the Shareholders’ meeting in person or appoint a proxy to attend, speak, and vote on their behalf.

Where individual Shareholders attend meetings in person, they shall present their identity cards or other valid documents or certificates that can prove their identity; where they appoint proxies to attend meetings on their behalf, they shall present valid identity documents, Shareholder proxy form and a copy of the valid identity documents of the principal.

A legal person Shareholder shall attend the meeting by its authorized representative or the proxy as appointed by such authorized representative. An authorized representative who attends the Shareholders’ general meeting in person shall produce his identification documents, valid certificate which can prove his identity; Where an proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the relevant power of attorney executed by such authorized representative pursuant to the laws (unless the Shareholder is a recognized clearing house or its nominees).

Shareholders who are not separate legal entity shall attend the meeting by the responsible person (in the case of a partnership, the executive partner or the general partner or the representative appointed by the executive partner) or the proxy appointed by the responsible person.

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If a Shareholder is a recognized clearing house (or its proxy) defined by the place where the Company is listed relevant Ordinance from time to time, it may, as it sees fit, appoint one or more persons as its proxies to attend and vote at any Shareholders’ meeting or creditors’ meeting; However, if more than one person is appointed, the instrument of proxy shall specify the number and class of the Shares relating to each such proxy, and shall be signed by an authorized personnel of the Recognized Clearing House. A person so authorized may exercise rights on behalf of the Recognized Clearing House (or their proxies) (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its duly authorization), and shall have the same statutory rights as other Shareholders, including the right to speak and to vote, as if such person were an individual Shareholder of the Company.

Voting and Resolutions at the Shareholders’ Meetings

Resolutions of the Shareholders’ meeting include ordinary resolutions or special resolutions.

Ordinary resolution at a Shareholders’ meeting shall be passed by more than half of the voting shares held by Shareholders (including their proxies) attending the Shareholders’ meeting.

Special resolution at a Shareholders’ meeting shall be passed by not less than two-thirds of the voting rights held by Shareholders (including their proxies) attending the Shareholders’ meeting.

The following matters shall be passed by ordinary resolutions at a Shareholders’ meeting:

- (i) work reports of the Board;
- (ii) profit distribution plan and loss compensation plan proposed by the Board;
- (iii) appointment and dismissal of members of the Board, and their remuneration and payment method;
- (iv) appointment and dismissal of accounting firms which undertake the Company’s audit work and determination of their remuneration;
- (v) change the investment project with raised funds;
- (vi) other matters, except those required to be adopted by way of a special resolution as required by laws, administrative regulations, securities regulatory rules of the places where the Company’s shares are listed or the Articles of Association.

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The following matters shall be passed by special resolutions at a Shareholders’ meeting:

- (i) the Company increases or reduces registered capital;
- (ii) any proposed split, breakup, merger, dissolution or liquidation of the Company (including voluntary liquidation);
- (iii) revision of the Articles of Association;
- (iv) purchase or disposal of major assets by the Company within one year or the amount of external guarantee exceeds 30% of the audited total assets of the Company for the latest period;
- (v) equity incentive plans;
- (vi) other matters which laws, administrative regulations, securities regulatory rules of the places where the Company’s shares are listed, or the Articles of Association require to be adopted by special resolution or which confirmed by an ordinary resolution at a Shareholders’ meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

Shareholders (including Shareholders who authorized proxies to attend the Shareholders’ meeting) shall exercise their voting rights according to the number of voting shares held by them, with each share representing one vote. In voting by poll, Shareholders (including their proxies) entitled to two or more votes are not required to cast all their votes for, against or abstention in the same way, unless otherwise provided by laws, administrative regulations, departmental rules, regulatory documents and securities regulatory rules of the places where the Company’s shares are listed.

The shares which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by Shareholders attending a Shareholders’ meeting. If there are special provisions in the securities regulatory rules of the places where the Company’s shares are listed, such provisions shall prevail.

If the relevant laws and regulations and the securities regulatory rules of the places where the Company’s shares are listed require that (including but not limited to applicable legal requirements and the Hong Kong Listing Rules) if any Shareholder is required to waive his/her voting right or is restricted to cast only affirmative or negative vote on a certain resolution, any vote cast by the said Shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted into the voting results.

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DIRECTORS AND THE BOARD**General Provisions for Directors**

Directors of the Company are natural persons. The following person shall not serve as a Director of the Company:

- (i) person without capacity or with limited capacity of civil conduct;
- (ii) person who have committed offences relating to corruption, bribery, misappropriation of fund, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, or who have been deprived of their political rights due to a criminal offense, where less than five years has elapsed since the date of restoring their political rights, and who is sentenced to probation, where less than two years has elapsed since the expiration of the probation period;
- (iii) person who was a former Director, factory manager or manager of a company or enterprise which was declared bankrupt and was liquidated and who was personally liable for the bankruptcy of such company or enterprise, where less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (iv) person who was a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of the law and who was personally liable, where less than three years has elapsed since the date of the revocation and being ordered to close;
- (v) person who has a substantial number of debts due and outstanding and is listed as a person subject to execution for breach of trust by the People’s Court;
- (vi) person who is subject to the CSRC’s punishment which prohibits him/her from entering into the securities market for a period which has not yet expired;
- (vii) person who is publicly identified by the stock exchange(s) as unsuitable for serving as a Director, senior management member, etc., of a listed company, where the restriction period has not expired;
- (viii) other circumstances specified by the laws, administrative regulations, departmental rules or securities regulatory rules of the places where the Company’s shares are listed.

The Directors shall comply with the provisions of laws, administrative regulations and the Articles of Association and have a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and the Company’s interests, and must not use their powers to seek improper benefits.

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Directors shall have the following fiduciary duties to the Company:

- (i) not to misappropriate the properties of the Company and misappropriate the Company’s funds;
- (ii) not to deposit any money of the Company in any accounts under their names or in the names of other persons;
- (iii) not to abuse their rights to bribe or accept other illegal income;
- (iv) not to enter into contracts or transactions, directly or indirectly, with the Company without reporting to the Board or the Shareholders’ meeting and being approved by a resolution of the Board or the Shareholders’ meeting in accordance with the Articles of Association;
- (v) not to exploit their position to seek business opportunities which rightly belong to the Company for themselves or others, except where such opportunities are reported to the board of Directors or the Shareholders’ meeting and approved by a resolution of the Shareholders’ meeting, or where the Company is unable to utilize such business opportunities in accordance with the provisions of laws, administrative regulations, or the Articles of Association;
- (vi) not to run his/her own or others’ business which is similar to the Company’s business, without reporting to the Board or the Shareholders’ meeting and being approved by a resolution of the Board or the Shareholders’ meeting in accordance with the Articles of Association;
- (vii) not to accept commissions from transactions between other persons and the Company for their own benefits;
- (viii) not to disclose the secrets of the Company without consent;
- (ix) not to use their connections to harm the interests of the Company;
- (x) safeguard the interests of the Company and all Shareholders, and shall not prejudice the interests of the Company for Actual Controllers, Shareholders, employees, himself/herself or other third parties;
- (xi) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of places where the Company’s shares are listed and the Articles of Association.

The Company shall be entitled to the income gained by the Directors in violation of this Article; the Director shall be liable for compensation if any loss is caused to the Company.

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The provisions of the item (iv) of the first paragraph of this Article shall apply to the conclusion of contracts or engagement in transactions with the Company by close relatives of the Directors and senior management or enterprises directly or indirectly controlled by the Directors and senior management or their close relatives, as well as persons who are otherwise related to the Directors and senior management.

The Directors shall comply with the provisions of laws, administrative regulations and the Articles of Association and shall diligently perform their obligations to the Company, and shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company.

The Directors shall diligently perform their following obligations to the Company:

- (i) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company’s commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (ii) to treat all Shareholders fairly;
- (iii) to understand the operation and management of the Company in a timely manner;
- (iv) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (v) to provide all relevant information and materials required by the Audit Committee and shall not intervene the performance of duties of the Audit Committee;
- (vi) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of places where the Company’s shares are listed and the Articles of Association.

A Director may resign before expiry of his/her term of service. A Director shall submit a written resignation notice to the Company when he/she resigns, and the notice shall take effect on the date on which the Company receives the resignation notice. The company will disclose the information on the same day. If the resignation of a Director causes the number of Directors constituting the Board to fall below the quorum on the same day, the original Director shall, prior to the new Director entering on the office, continue to perform his or her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of places where the Company’s shares are listed and the Articles of Association.

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When a Director’s resignation takes effect or his/her term of service expires or he/she is dismissed, the Director shall complete all transfer procedures with the Board. His/her obligations of honesty towards the Company and the Shareholders do not necessarily cease after the end of his/her term of service, which maintain validity for a reasonable period as specified in the Articles of Association. The obligations that Directors should bear during their term of office for performing their duties shall not be exempted or terminated due to their departure.

The Board

The Board consists of 8 Directors, of which there is 3 independent non-executive Directors and one Chairman of the Board.

The Board shall exercise the following duties and functions:

- (i) to convene the Shareholders’ meetings and report to the Shareholders’ meeting;
- (ii) to implement resolutions of the Shareholders’ meeting;
- (iii) to resolve on the Company’s operational plans and investment plans;
- (iv) to prepare the profit distribution and loss recovery plans of the Company;
- (v) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (vi) to formulate plans for material acquisitions, purchase of shares of the Company, or merger, division and dissolution of the Company as well as change of corporate form;
- (vii) to decide on, within the authority granted by the Shareholders’ meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted financial management, connected transactions and external donations;
- (viii) to decide on the establishment of internal management organizations of the Company;
- (ix) to decide on the appointment or dismissal of the general manager and secretary to the Board of the Company, and to determine their remuneration, rewards and punishments; to decide on the appointment or dismissal of senior management officers including deputy general manager and head of finance of the Company based on the nominations by general manager, and to determine their remuneration, rewards and punishments;
- (x) to set up the basic management system of the Company;
- (xi) to formulate proposals for any amendment to the Articles of Association;

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- (xii) to manage information disclosure matters of the Company;
- (xiii) to propose to the Shareholders’ meeting the appointment or replacement of accounting firms which provide audit services to the Company;
- (xiv) to listen to the work reports of the general manager of the Company and review his/her work;
- (xv) to consider and approve transactions that should be reviewed and approved by the Board or transactions that need to be disclosed in accordance with the securities regulatory rules of the places where the Company’s shares are listed;
- (xvi) to exercise other duties and powers conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of places where the Company’s shares are listed, the Articles of Association or the Shareholders’ meeting.

Restrictions on the authority of the Board imposed by the Articles of Association shall not be enforceable against bona fide counterparty.

Matters beyond the scope of authorization of the Shareholders’ meeting shall be submitted to a Shareholders’ meeting for consideration.

A Director who is connected to the enterprise or individual involved in a matter being resolved at a meeting of the Board shall report to the Board in writing in a timely manner. Connected Directors shall not exercise his/her voting rights on such resolution, nor shall he/she exercise his/her voting rights on behalf of other Directors. Such meeting of the Board may be held when more than half of the nonconnected Directors attend the meeting, and the resolutions of the meeting of the Board must be passed with affirmative votes of a simple majority of non-connected Directors. If the number of non-connected Directors present at the meeting of the Board is less than three, such matter shall be submitted to the Shareholders’ meeting for consideration. If laws, regulations and the securities regulatory rules of the places where the Company’s shares are listed have any additional restrictions on Directors’ participation in board meetings and voting, such provisions shall prevail.

Independent Non-executive Director

Independent non-executive Directors shall diligently perform their duties in accordance with the provisions of laws, administrative regulations, the CSRC, regulatory authorities of the places where the Company’s shares are listed and the Articles of Association, actively participating in decision making, exercising supervisory oversight and checks and balances, and providing professional advice within the Board, so as to safeguard the overall interests of the Company and protect the legitimate rights and interests of minority Shareholders.

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Independent non-executive Directors shall have independence that meets the requirements of Rule 3.13(1) to (8) of the Hong Kong Listing Rules. The independence of an independent non-executive Director may be challenged if he/she:

- (i) directly or indirectly holds shares representing more than 1% of the total issued share capital of the listed Company;
- (ii) has acquired any interest in securities of the Company or its subsidiaries by way of gift or other financial assistance from a core connected person or from the listed Company itself;
- (iii) is or was a Director, partner or principal of a professional advisor which currently provides or has provided services to the following companies/persons within two years immediately prior to the date of his/her proposed appointment, or is or was an employee of such professional advisor who is involved or has been involved during the same period in providing such services to the following companies/persons:
 - 1. the Company or its holding company or any of their respective subsidiaries or connected persons; or
 - 2. any person who has been a controlling Shareholder of the Company or, if the Company does not have a controlling Shareholder, any person who has been a chief executive or a Director (other than an independent non-executive Director) of the Company, or any of his/her close associates, in the two years preceding the date of the proposed appointment of such person as an independent non-executive Director.
- (iv) the Director has or has had a material interest in any of the principal business activities of the Company, its holding company or any of their respective subsidiaries, either now or within one year before the date of his proposed appointment as an independent non-executive Director; or is involved or has been involved in a material commercial transaction with the Company, its holding company or their respective subsidiaries or with any core connected person of the Company;
- (v) the Director serves as a member of the Board for the purpose of protecting an entity whose interests are distinct from the interests of the Shareholders as a whole;
- (vi) the Director has, at that time or within the two years prior to the date of his/her proposed appointment as an independent non-executive Director, a relationship with a Director, chief executive or substantial Shareholder of the Company that is a connected person as defined in the Hong Kong Listing Rules;

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- (vii) the Director is (or was within two years prior to the date of the proposal or his/her appointment as a Director) an executive or a Director (other than an independent non-executive Director) of the Company, its holding company or any of their respective subsidiaries, or of any of the Company’s core connected persons;
- (viii) the Director is financially dependent on the Company, its holding company or any of their respective subsidiaries or a core connected persons of the Company;
- (ix) other persons who are not independent as stipulated in the laws, administrative regulations, CSRC regulations, the business rules of the stock exchange, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

An independent non-executive Director of the Company shall fulfill the following conditions:

- (i) qualified to act as a Director of a listed company in accordance with the laws, administrative regulations and other relevant regulations;
- (ii) possesses the independence required by the Hong Kong Listing Rule and relevant laws and regulations;
- (iii) have the basic knowledge of operation of a listed company and be familiar with the relevant laws, administrative regulations, rules and regulations;
- (iv) have at least five years of legal, accounting, economic or other work experience necessary to perform the duties of an independent non-executive Director;
- (v) have good personal integrity and no major breach of trust or other adverse records; each independent non-executive Director shall satisfy The Stock Exchange of Hong Kong Limited that he/she has the personality, integrity, independence and experience to enable him/her to discharge the duties effectively and to ensure that the interests of all Shareholders are adequately represented;
- (vi) other conditions stipulated by laws and regulations, CSRC regulations, securities regulatory rules of places where the Company’s shares are listed and the Articles of Association.

As members of the Board of Directors, independent non-executive Directors owe fiduciary duties and duties of diligence to the Company and all Shareholders, and shall prudently perform the following responsibilities:

- (i) to participate in decision-making of the Board and express clear opinions on matters discussed;

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- (ii) to supervise matters involving potential material conflicts of interest between the Company and its Controlling Shareholders, Actual Controllers, Directors, or senior management, so as to protect the legitimate rights and interests of minority Shareholders;
- (iii) to provide professional and objective advice on the Company’s business development to enhance the quality of decision-making of the Board;
- (iv) other responsibilities stipulated by laws, administrative regulations, CSRC regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Independent non-executive Directors shall exercise the following special powers:

- (i) to independently engage intermediaries to conduct audits, provide consultations, or perform verifications on specific matters of the Company;
- (ii) to propose to the Board the convening of an extraordinary general meeting;
- (iii) to propose the convening of a Board meeting;
- (iv) to solicit Shareholders’ rights from Shareholders publicly in accordance with the law;
- (v) to express independent opinions on matters that may jeopardize the interests of the Company or minority Shareholders, or on other matters stipulated in the requirements of the securities regulatory authorities at the place where the Company’s shares are listed and the Articles of Association which shall at least include the requirements of the securities regulatory authorities of the place where the Company’s shares are listed and the Articles of Association;
- (vi) other powers stipulated by laws, administrative regulations, CSRC regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

The exercise of the powers set forth in items (i) to (iii) as aforesaid by independent non-executive Directors shall be subject to approval by more than half of all independent non-executive Directors.

The Company shall disclose in a timely manner any exercise of the powers and functions listed in the first paragraph above by independent non-executive Directors. If the above powers and functions cannot be exercised normally, the Company shall disclose the specific details and reasons.

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The following matters shall be submitted to the Board for deliberation only after obtaining the approval of more than half of all independent non-executive Directors of the Company:

- (i) connected transactions requiring disclosure;
- (ii) decisions and measures taken by the Board of Directors of an acquired listed company in respect of the acquisition;
- (iii) other matters stipulated by laws, administrative regulations, CSRC regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Special Committees under the Board of Directors

The Company has set up an Audit Committee, a remuneration and appraisal committee, and a nomination committee under the Board of Directors, and may established other special committees such as a strategy committee as and when necessary.

The Audit Committee shall exercise the functions and powers of the supervisory committee as stipulated in the Company Law.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audits and internal controls. The following matters shall be submitted to the Board of Directors for deliberation only after obtaining the approval of more than half of all members of the Audit Committee:

- (i) disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports;
- (ii) appointment or dismissal of accounting firms engaged for the listed Company’s audit;
- (iii) appointment or dismissal of the listed Company’s head of finance;
- (iv) changes in accounting policies or accounting estimates, or corrections of major accounting errors, for reasons other than changes in accounting standards;
- (v) other matters stipulated by laws, administrative regulations, CSRC regulations, the regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Senior Management

The Company shall have one general manager, who shall be appointed or removed by the Board of Directors and shall be accountable to the Board of Directors.

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The Company shall have several deputy general managers, one head of finance and one secretary to the Board, who shall be appointed or removed by the Board.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (i) to be in charge of the Company’s production, operation and management and to organize the implementation of the resolutions of the Board of Directors, and to report to the Board of Directors;
- (ii) to organize the implementation of the Company’s annual business plan and investment plan;
- (iii) to draft plans for the establishment of the Company’s internal management structure;
- (iv) to establish the Company’s basic management system;
- (v) to formulate specific rules and regulations for the Company;
- (vi) to propose to the Board of Directors the appointment or dismissal of the Company’s deputy general manager(s) and the head of finance;
- (vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (viii) other powers conferred by the Articles of Association or the Board of Directors.

The general manager shall in attendance at the Board meetings. The general manager shall have no voting rights at the Board meetings if he/she is not a director.

The Company has a secretary to the Board who is responsible for matters such as preparing the Company’s Shareholders’ meetings and Board meetings, safekeeping documents, managing the information of the Company’s Shareholders and handling information disclosures.

The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting Systems

The Company shall submit and disclose its annual report in accordance with the relevant regulatory requirements within 4 months after the end of each fiscal year, and submit and disclose its interim report in accordance with the relevant regulatory requirements within 2 months after the end of the first six months of each fiscal year.

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The aforesaid annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, departmental rules and the provisions of the stock exchange in the place where the Company’s shares are listed.

The Company shall not keep accounts other than those provided by laws. Funds of the Company shall not be deposited in an account maintained in the name of any individual.

When the Company distributes its after-tax profits for a given year, it shall allocate 10% of profits to its statutory reserve. The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50% of its registered capital.

If the Company’s statutory reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the Shareholders’ meeting, make an allocation from its after-tax profits to the discretionary reserve.

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its Shareholders, unless the Articles of Association otherwise provide.

Where the Shareholders’ meeting distributes profits to Shareholders before the Company has made up its losses and allocated to the statutory reserve in violation of the Company Law, the Shareholders must return the illegally distributed profits to the Company; where such distribution causes losses to the Company, the Shareholders and responsible Directors, senior management members shall be liable for compensation.

The Company shall not be entitled to any distribution of profits in respect of shares held by it.

The Company shall appoint one or more collection agents for H Shareholders in Hong Kong. The collection agents shall collect and keep the dividends and other payables distributed by the Company in respect of the H shares on behalf of the relevant H Shareholders, pending payment to such H Shareholders. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed.

The common reserve fund of the Company shall be applied to make good the Company’s losses, expand its business operations or increase its capital.

If the common reserve fund is used to make up for the Company’s losses, the discretionary reserve fund and the statutory reserve fund should be used first; if they still cannot be made up, the capital reserve fund can be used in accordance with the regulations.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

When the statutory common reserve is converted into increased registered capital, the remaining statutory common reserve shall be no less than 25% of the registered capital of the Company before the capital conversion.

The distribution of dividends (or shares) shall be completed within 2 months following the resolution on the profit distribution scheme adopted by the Shareholders’ meeting of the Company, or after the Board of Directors formulates a specific scheme in accordance with the conditions and limits for interim dividends in the following year approved at the Annual General Meeting. If the specific scheme cannot be implemented within 2 months due to the requirements of laws, regulations, and the securities regulatory rules of the place where the Company’s shares are listed, the implementation date may be adjusted accordingly in accordance with such requirements and practical circumstances.

Internal Audit

The Company shall implement an internal audit system which clarifies the leadership system, duties and powers, staffing, funding security, use of audit results, and accountability in relation to internal audit work.

The internal audit organization of the Company shall supervise and inspect the business activities, risk management, internal control, financial information and other matters of the Company.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place where the Company’s shares are listed to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, from the conclusion of this Annual General Meeting of the Company to the conclusion of the next Annual General Meeting, which is renewable.

Engagement or removal of the accounting firm by the Company shall be subject to the resolution of the Shareholders’ meeting, and the Board of Directors shall not appoint the accounting firm until the Shareholders’ meeting makes its decision, except as otherwise provided by the Articles of Association.

The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any rejection, omission or falsehood.

The remuneration of the accounting firm shall be ascertained by the Shareholders’ meeting.

When the Company dismisses or disengages the accounting firm, it shall notify the accounting firm thirty days in advance, and the accounting firm shall be permitted to air their side when the Shareholders’ meeting of the Company votes on the dismissal of the accounting firm.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

When the accounting firm requests to resign from the position, the accounting firm shall explain to the Shareholders’ meeting whether there is anything inappropriate with the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the case of merger by absorption, the company being absorbed shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and the merger parties shall be dissolved.

The merger of the Company shall be held under the agreement signed by all parties of the merger and a balance sheet and property list shall be prepared in respect of this. The Company shall, within ten days from the date of the merger resolution made, notify the creditors, and make an announcement in qualified media or on the National Enterprise Credit Information Publicity System and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) within thirty days. Creditors should, within thirty days upon receipt of the notice, or for those who have not received the notice, within forty-five days from the date of the announcement, request the Company for the settlement of its debts or the provision of the related guarantee.

When the merger of the Company occurs, the creditor’s right and debts of all parties of the merger shall be taken over by the continuing company or the newly established company.

Where the Company carries out division, the properties shall be split up accordingly.

A balance sheet and property list shall be prepared in respect of the division of the Company. The Company shall, within ten days from the date of the division resolution made, notify the creditors, and make an announcement in qualified media or on the National Enterprise Credit Information Publicity System and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) within thirty days.

A balance sheet and property list shall be prepared in respect of registered capital reduction.

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The Company shall, within ten days from the date of the resolution on registered capital reduction made by the Shareholders’ meetings, notify the creditors, and make an announcement in qualified media or on the National Enterprise Credit Information Publicity System and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) within thirty days. Within thirty days since the date on receipt of written notice, or within forty-five days since the date of the announcement (if such notice is not received), the creditor is entitled to request the Company for the settlement of its debts or the provision of the related guarantee.

When the Company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the shares held by shareholders or resolutions of the Shareholders’ meeting, except as otherwise provided by law or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

When the Company increases or reduces its registered capital, such changes shall be registered with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved upon the following reasons:

- (i) the term of operation of the Company prescribed in the Articles of Association has expired, or other causes for dissolution as stipulated in the Articles of Association occur;
- (ii) a resolution on dissolution is passed by Shareholders’ meeting;
- (iii) dissolution is necessary due to a merger or division of the Company;
- (iv) the Company’s business license is revoked or the Company is ordered to close down or cancelled according to the law;
- (v) When the Company has serious difficulties in its operation and management, and its subsistence will cause substantial loss to the interests of its Shareholders, which cannot be resolved by other means, the Shareholders who hold more than 10% of voting rights of the Company may request the People’s Court to dissolve the Company.

If the Company is dissolved upon the reasons stipulated above, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

In the event of the circumstances stipulated in items (i) and (ii) as aforesaid, and that the assets have not been distributed to the Shareholders, the Company may continue its operation by amendment of the Articles of Association or a resolution of the Shareholders’ meeting.

Amendments made to the Articles of Association or resolutions made by the Shareholders’ meeting according to the preceding paragraph shall be passed by at least two-thirds of the voting rights held by the Shareholders attending the Shareholders’ meeting.

If the Company is dissolved as a result of the provisions in items (i), (ii), (iv) and (v) in the first paragraph above, it shall be liquidated. The Directors shall be the obligors of liquidation of the Company and shall form a liquidation group to carry out liquidation within fifteen days from the date on which the cause of dissolution arises.

The liquidation group shall consist of the Directors, unless otherwise provided in the Articles of Association or the Shareholders’ meeting resolves to elect another person.

A liquidation obligor who fails to fulfill its liquidation obligations in a timely manner and causes losses to the Company or creditors shall be liable for compensation.

The liquidation group shall, within ten days from the date of its establishment, notify the creditors, and make an announcement in qualified media or on the National Enterprise Credit Information Publicity System and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) within sixty days. Creditors should, within thirty days upon receipt of the notice, or for those who have not received the notice, within forty-five days from the date of the announcement, declare their claims to the liquidation committee.

If the liquidation committee, after clearing the Company’s assets and preparing a balance sheet and an inventory of assets, discovers that the Company’s assets are insufficient to repay its debts, it shall apply to the People’s court for bankruptcy liquidation.

After filing for bankruptcy has been accepted by the People’s Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the People’s court.

In the event that the Company is declared bankrupt according to law, insolvency liquidation shall be performed pursuant to the relevant law on business bankruptcy.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Amendments to the Articles of Association

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) there is a discrepancy between the provisions of the Articles of Association and those of the Company Law, relevant laws and administrative regulations or the securities regulatory rules of the place where the Company’s shares are listed upon amendments thereto;
- (ii) there are changes in the situation of the Company, resulting in inconsistencies in relation to the details mentioned in the Articles of Association;
- (iii) the Shareholders’ meeting determines to amend the Articles of Association.

Where amendments to be made to the Articles of Association pursuant to a resolution of the Shareholders’ meeting involve registration matters, the Company shall apply for registration of the changes in accordance with the laws.

The Board may amend the Articles of Association in accordance with the resolution on amendments to the Articles of Association passed at the Shareholders’ meeting.

Any amendment to the Articles of Association shall be subject to announcement if disclosure of the same required by the laws, regulations or/and the securities regulatory rules of the place where the Company’s shares are listed.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR GROUP**Incorporation of Our Company**

Our Company was established as a limited liability company in the PRC on February 5, 2004, and converted into a joint stock limited company on June 16, 2022. As of the date of this document, our registered office is located at 10/F, Building 5, 525 Yuanjiang Road, Minhang District, Shanghai, the PRC and our head office is at 1001–1002, 562 Dong’an Road, Xuhui District, Shanghai, the PRC. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The relevant PRC laws and regulatory provisions and a summary of the Articles of Association are set out respectively in “Appendix IV — Summary of Articles of Association” and “Regulatory Overview” Our Company has established a principal place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 14, 2025. Ms. Fung Wai Sum has been appointed as our authorized representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

Changes in the Share Capital of Our Company

Save as disclosed in “History and Corporate Structure,” there has been no alternation in our share capital within two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

Our Company’s subsidiaries are set out Note 1 in the Accountants’ Report as set out in Appendix I. The following sets out changes in the registered share capital of our subsidiaries within two years immediately preceding the date of this document: (i) On February 14, 2023, Shanghai Huilun Medical Device Operation Co., Ltd. (上海滙倫醫藥器械經營有限公司) was incorporated as a limited liability company in the PRC with a registered capital of RMB500,000 and was wholly owned by our Company. The company was voluntarily deregistered on August 14, 2024; (ii) On July 10, 2025, Wuhan Xu’an Pharmaceutical Co., Ltd. (武漢煦安醫藥有限公司) was incorporated as a limited liability company in the PRC with a registered capital of RMB100,000 and was wholly owned by our Company; and (iii) On July 10, 2025, Zhengzhou Kerui Pharmaceutical Co., Ltd. (鄭州柯瑞醫藥有限公司) was incorporated as a limited liability company in the PRC with a registered capital of RMB100,000 and was wholly owned by our Company.

Saved as disclosed above, there has been no alteration in the share capital of our subsidiaries during the two years immediately preceding the date of this document.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Shareholders’ Resolutions

At the general meeting of our Company held on January 19, 2026, the following resolutions, among others, were passed by the Shareholders:

- (i) the [REDACTED] by our Company of H Shares of the nominal value of RMB1.0 each and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of H Shares to be issued pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed [REDACTED]% of the above number of H Shares to be issued;
- (iii) as approved by the CSRC, upon completion of the [REDACTED], [REDACTED] Unlisted Shares in aggregate held by our Shareholders will be converted into H Shares on a one-for-one basis;
- (iv) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as of the [REDACTED];
- (v) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED], and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities; and
- (vi) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

Reorganization

We have not gone through any corporate reorganization for the purpose of the [REDACTED]. For details of the history and development of our Company, see “History and Corporate Structure.”

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STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) has been entered into by members of our Group within the two years preceding the date of this document and is or may be material:

- (i) the [REDACTED].

Intellectual Property Rights

(1) Trademarks

a. Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
1. . .		Hong Kong	Our Company	5	306979295	July 28, 2035
2. . .		Hong Kong	Our Company	5	306979303	July 28, 2035
3. . .	汇伦	Hong Kong	Our Company	5	306979312	July 28, 2035
4. . .	前卫泰	PRC	Our Company	5	50286304	June 13, 2031
5. . .	汇伦	PRC	Our Company	5	41169395	May 20, 2030
6. . .	利尔班	PRC	Our Company	5	36385741	October 6, 2029
7. . .	蒂诺安	PRC	Our Company	5	36389443	October 6, 2029
8. . .	卫达甘	PRC	Our Company	5	36395392	October 6, 2029
9. . .	希为纳	PRC	Our Company	5	36385768	October 6, 2029
10. .	佐愈	PRC	Our Company	5	13041296	January 13, 2035

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No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
11.		PRC	Our Company	5	77366116	September 6, 2034
12.		PRC	Yidian Pharmaceutical	5	31262500	May 13, 2029
13.		PRC	Shanghai Xiaoxiong Culture Communication Co., Ltd. (上海泉雄文化傳播有限公司) (“Shanghai Xiaoxiong”)	5	54693563	December 27, 2031
14.		PRC	Shanghai Xiaoxiong	5	50963400	August 20, 2031

(2) Patents

a. Registered Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type of Patent	Place of Registration	Patent Number	Owner	Expiry Date
1. . .	Heterocyclic-imidazole compounds, pharmaceutical compositions thereof, preparation method therefor and use thereof	Invention	USA	US10174023	Our Company	April 15, 2036
2. . .	Heterocyclic-imidazole compounds, pharmaceutical compositions thereof, preparation method therefor and use thereof (雜環並咪唑類化合物、其藥物組合物及其製備方法和用途)	Invention	PRC	ZL201680020160.X	Our Company	April 15, 2036
3. . .	Pharmaceutical salt of antitumor heterocyclic-imidazole compounds (抗腫瘤雜環並咪唑類化合物的藥用鹽)	Invention	PRC	ZL201780063235.7	Our Company	October 11, 2037

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No. .	Patent	Type of Patent	Place of Registration	Patent Number	Owner	Expiry Date
4. . .	Pharmaceutical composition for inhalation	Invention	Australia	AU2021413439	Our Company, Jiangsu Huilun	December 29, 2041

b. Patents under Application

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Place of Registration	Application Number	Applicant	Application Date
1. . .	Pharmaceutical composition for inhalation	Invention	EPO	EP21914456.5	Our Company, Jiangsu Huilun	December 29, 2021
2. . .	Pharmaceutical composition for inhalation	Invention	U.S.	US18/259964	Our Company, Jiangsu Huilun	December 29, 2021
3. . .	Pharmaceutical composition for inhalation (吸入用藥物組合物)	Invention	PRC	CN202180087447.5	Our Company, Jiangsu Huilun	December 29, 2021
4. . .	Peptidyl nitrile compound and use thereof	Invention	U.S.	US18/728249	Yidian Pharmaceutical	January 10, 2023
5. . .	Peptidyl nitrile compound and use thereof	Invention	EPO	EP23739998.5	Yidian Pharmaceutical	January 10, 2023
6. . .	A type of peptidyl nitrile compound and use thereof (一種肽基腈類化合物及其應用)	Invention	PRC	CN202380016085.X	Yidian Pharmaceutical	January 10, 2023
7. . .	PEPTIDYL NITRILE COMPOUND AND USE THEREOF	Invention	U.S.	US19/448,849	Yidian Pharmaceutical	January 10, 2023
8. . .	A type of sodium channel modulator and use thereof (一種鈉通道調節劑及其應用)	Invention	PRC	CN202380061834.0	Our Company	August 28, 2023
9. . .	A type of dual-release formulation and use thereof (一種雙重釋放製劑及其應用)	Invention	PRC	CN202480002856.4	Our Company	April 12, 2024
10.. .	New sodium channel modulator compounds and use thereof	Invention	WIPO	PCT/CN2025/074442	Our Company	January 23, 2025

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No.	Patent	Type of patent	Place of Registration	Application Number	Applicant	Application Date
11..	New sodium channel modulator compounds and use thereof (鈉通道調節劑新化合物及其應用)	Invention	PRC	CN202510111474.1	Our Company	January 23, 2025
12..	Substituted dihydro-thienopyrimidine compound, preparation method therefor, and use thereof (取代的二氫噻吩並嘧啶類化合物、其製備方法和應用)	Invention	PRC	CN202480014927.2	Yidi Biotechnology	April 12, 2024
13..	Substituted dihydro-thienopyrimidine compound, preparation method therefor, and use thereof	Invention	U.S.	US19/168835	Yidi Biotechnology	April 12, 2024
14..	Substituted dihydro-thienopyrimidine compound, preparation method therefor, and use thereof	Invention	EPO	EP24788187.3	Yidi Biotechnology	April 12, 2024

(3) Domain Names

As of the Latest Practicable Date, we owned the following domain name, which we consider to be or may be material to our business:

No.	Domain Name	Registration Owner	Registration Date	Expiry Date
1. . . .	huilun.com	Our Company	April 17, 2006	April 17, 2033

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks or service marks, patents, intellectual or industrial property rights that were material in relation to our business.

APPENDIX V

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FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Directors

Disclosure of Interests

Saved as disclosed below, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Position	Nature of Interest	Shares interested in immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
			Number and description of Shares	% of shareholding in the Unlisted Shares/ H Shares ⁽¹⁾	% of shareholding in the total issued share capital
Mr. Dong	Chairman of the Board and non-executive Director	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in a controlled corporation ⁽²⁾⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Dong Zhu	Executive Director	Interest of spouse ⁽⁴⁾	[REDACTED]	[REDACTED]	[REDACTED]
		Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Qin Jihong	Executive Director and general manager	Interest in a controlled corporation ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]
		Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang Yuhu	Executive Director	Other ⁽⁵⁾	[REDACTED]	[REDACTED]	[REDACTED]
		Other ⁽⁶⁾	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The letter “L” in this column denotes the long position.

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- (2) Xintian Pharmaceutical is a limited liability company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002873). As of the Latest Practicable Date, the largest shareholder of Xintian Pharmaceutical is Shanghai Xintian with 28.04% equity interests, which is ultimately owned as to 50.0% by Mr. Dong and 50.0% by Mr. Dong Zhu, the son of Mr. Dong. Pursuant to the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》) (the “**SZSE Listing Rules**” where Xintian Pharmaceutical is listed, an “controlling shareholder (under PRC Company law)” refers to an individual or entity that can control a company by way of investment relationship, contracts or other arrangements. Shanghai Xintian held approximately 28.04% equity interest in Xintian Pharmaceutical as of the Latest Practicable Date and is deemed as the controlling shareholder of Xintian Pharmaceutical under the SZSE Listing Rules. Therefore, by virtue of the SFO, each of Mr. Dong, Mr. Dong Zhu and Shanghai Xintian is deemed to be interested in the Shares held by Xintian Pharmaceutical.
- (3) Mr. Dong is the general partner of (i) Yuyi Enterprise Management, (ii) Feihe Enterprise Management and (iii) Yunbai Enterprise Management. Therefore, by virtue of the SFO, Mr. Dong is deemed to be interested in the Shares held in aggregate by Yuyi Enterprise Management, Feihe Enterprise Management and Yunbai Enterprise Management.
- (4) Mr. Dong and Ms. Wang are spouses. Therefore, Mr. Dong and Ms. Wang are deemed to be interested in the Shares of our Company held by each other under the SFO.
- (5) Dr. Qin Jihong holds 300,000 Shares through one of our incentive platforms, Feihe Enterprise Management, of which he is a limited partner.
- (6) Mr. Zhang Yuhu is interested in 745,367 Shares through our three incentive platforms, consisting of (i) 395,369 Shares held through Shanghai Huiqianna as its limited partner; (ii) (i) 250,000 Shares held through Feihe Enterprise Management as its limited partner; (iii) 74,999 Shares held through Guizhou Siruide as its limited partner, and (iv) 24,999 Shares held through Guizhou Tianxiang as its limited partner.

Particulars of Service Contracts

We have [entered] into a service contract for an initial term of three years with each of the Directors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (othe than statutory compensation)).

Directors’ and supervisors’ emoluments

For details of the Directors’ and supervisors’ emoluments, see “Directors and Senior Management — Remuneration of Directors, supervisors’ and Five Highest Paid Individuals.” and Note 8 to the Accountant’s Report as set out in Appendix I.

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Substantial Shareholders

Interests in the Shares of our Company

For information on the persons (other than our Directors or chief executive of our Company) who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of our Company, see “Substantial Shareholders” of this document.

Save as disclosed in the section headed “Substantial Shareholders” in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of our Company or had option in respect of such capital.

Interests in our Company’s subsidiaries

Immediately following the completion of the [REDACTED], assuming (i) the [REDACTED] has become unconditional and all [REDACTED] have been issued pursuant to the [REDACTED]; and (ii) the [REDACTED] have not been exercised, all member companies of our Group (other than our Company) are wholly owned by our Company. As such, no person (other than our Company) will be interested, directly or indirectly, in 10% or more of share capital with the right to, in any event, vote at the general meeting of any other member (other than our Company) of our Group.

Disclaimers

- (i) Save as disclosed in this document, none of our Directors or any of the parties [REDACTED] in “— Other Information — Consents of Experts” in this appendix: (a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or (b) is materially interested in any contract or arrangement subsisting at the date of this document that is significant in relation to our business;
- (ii) Save in connection with the [REDACTED], none of the parties listed in “— Other Information — Consents of Experts” in this appendix: (a) is interested legally or beneficially in any Shares in any member of our Group; or (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

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- (iii) None of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and
- (iv) Save as disclosed in “Substantial Shareholders”, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE INCENTIVE PLANS

In recognition of the contributions of, the employees and other key stakeholders of our Group, and to incentivize them to further promote our development, we adopted a series of equity incentive arrangements, comprising (i) the partnership agreements of Guizhou Siruide, Shanghai Huiqianna and Guiyang Xiangmiao, and (ii) the 2022 Share Incentive Scheme. We established six limited partnerships in the PRC as our Incentive Platforms to implement the Share Incentive Plans, namely Shanghai Huiqianna, Guizhou Siruide, Guiyang Xiangmiao, Yuyi Enterprise Management, Feihe Enterprise Management, and Yunbai Enterprise Management, and granted awards to eligible grantees under the Share Incentive Plans indirectly through the partnership interest in the incentive platforms.

The Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the granting of Shares or options by our Company to subscribe for Shares after the [REDACTED]. Since the underlying Shares under the Share Incentive Plans have already been issued, there will be no dilutive effect on the issued Shares arising from the Share Incentive Plans.

As of the Latest Practicable Date, our employee incentive platforms collectively held 21,381,211 Shares in our Company, representing 5.30% of the total issued share capital of our Company. For details of our employee incentive platforms, see “History and Corporate Structure — Incentive Platforms.”

Partnership Agreements of Guizhou Siruide, Shanghai Huiqianna and Guiyang Xiangmiao

There were a series of partnership agreements entered into among Shanghai Huiqianna, Guizhou Siruide and Guiyang Xiangmiao, and the employees of our Group in 2020 and 2021. For further details of our employee incentive platforms, see “History and Corporate Structure — Incentive Platforms”.

The general partner of Guizhou Siruide, Shanghai Huiqianna and Guiyang Xiangmiao is responsible for the management of the partnership as well as representing the partnership in its affairs, whereas the limited partners shall not participate in partnership affairs. No transfer of any limited partnership interest shall be made unless the prior written consent of the general partner has been obtained.

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Prior to the [REDACTED] and until the expiration of the lock-up period corresponding to the partnership interests held by the partnership (the “**Lock-up Period**”), the partnership shall not transfer any of the partnership interests. Following the [REDACTED] and upon the expiration of the Lock-up Period, the partnership may, in accordance with the terms of the relevant partnership agreement, dispose of its partnership interests at the request of the limited partners, subject to the compliance with the applicable law, regulations and rules.

2022 Share Incentive Scheme

Each of Yuyi Enterprise Management, Feihe Enterprise Management, and Yunbai Enterprise Management was established as an employee incentive platform to implement the 2022 Share Incentive Scheme. Set out below is a summary of the principal terms and provisions of the 2022 Share Incentive Scheme.

1. Purpose

The purpose the 2022 Share Incentive Scheme is to further strengthen our Company’s corporate governance, attract and retain outstanding talents, effectively align the interests of our Shareholders, our Company and our employees, and enable all stakeholders to jointly focus on the long-term development of the Company.

2. Participants

The participants of the 2022 Share Incentive Scheme include our core executives, Directors, middle and senior management, and other core and backbone technical personnel as determined by the Board to be suitable.

3. Administration

The Board (or its delegate), as authorized by the Shareholders in general meetings, is responsible for administrating, interpreting, and implementing the 2022 Share Incentive Scheme, and amending or formulating implementation rules for the 2022 Share Incentive Scheme as it considers appropriate. Our Chairman of the Board and non-executive Director, Mr. Dong, serves as the general partner of the employee incentive platforms and oversees the day-to-day management of the partnership affairs.

4. Form of the 2022 Share Incentive Scheme

The Participants, as limited partners of the employee incentive platforms, which are in the form of limited partnerships, shall subscribe for the capital contribution of the limited partnership interest in accordance with the methods stipulated under the 2022 Share Incentive Scheme, thereby indirectly holding the Shares of our Company by virtue of their capacity as partners of the relevant employee incentive platforms.

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5. *Grants under the 2022 Share Incentive Scheme*

Participants are interested in an aggregate of 12,375,000 Shares through holding the limited partnerships (the “**Incentive Awards**”) in the employee incentive platforms, representing 3.07% of the total issued share capital of our Company immediately prior to the [REDACTED]. As of the Latest Practicable Date, all Incentive Awards had been granted and vested to 85 grantees, including three Directors, namely Mr. Dong, Dr. Qin Jihong, and Zhang Yuhu, and two senior management members (other than executive Directors), namely Zhang Xuan and Li Wenhua. The Incentive Awards are not subject to any additional lock-up restrictions other than those provided in applicable laws and regulations. No further grants will be made under the 2022 Share Incentive Scheme following the [REDACTED].

6. *Transfer of the Incentive Awards*

The Participants shall not, directly or indirectly, transfer, pledge, or otherwise dispose their Incentive Awards without the prior consent of Mr. Dong, being the general partner of the relevant employee incentive platforms, during the date of grant up to the [REDACTED].

7. *Repurchase of the Incentive Awards*

Where any of the following events occurs, Mr. Dong or such other designated third party (collectively, the “**Repurchaser**”) shall have the right to repurchase the Incentive Awards held by the Participant(s): (i) the employment relationship between the Participant and our Group is terminated due to the Participant’s voluntary resignation, refusing to extend the existing employment contract, or for any other reason not attributable to the fault of the Participant; (ii) the employment relationship between the Participant and our Group is terminated due to the Participant’s incompetence to continue his/her position within our Group; (iii) the Participant’s death or legal declaration of death; and (iv) the Participant and our Group mutually agree for the Participant to withdraw from the incentive platform.

Upon the occurrence of any of the foregoing events, the Repurchaser shall have the right to repurchase the Incentive Awards held by the Participant at a consideration determined with reference to, among others, the actual consideration paid by the Participant for such Incentive Awards, together with interest accrued thereon at an annualized rate.

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Details of the Incentive Awards Granted under the Share Incentive Plans

The table below sets out the details of the Incentive Awards granted to our Directors, senior management and connected persons under the Share Incentive Plans as of the Latest Practicable Date:

			Incentive Awards held by the Participant corresponding to		
				% of shareholding in the total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ⁽⁴⁾	
Position/name	Position/connected relationship	Relevant employee incentive platforms	Number of Shares ⁽¹⁾	% of shareholding in the total issued share capital as of the Latest Practicable Date ⁽⁴⁾	
Director and Senior Management					
Mr. Dong	Chairman of the Board and non-executive Director	Yuyi Enterprise Management	2,900,000	0.72%	[REDACTED]%
		Feihe Enterprise Management	75,000	0.02%	[REDACTED]%
		Yunbai Enterprise Management	25,000	0.01%	[REDACTED]%
Dr. Qin Jihong	Executive Director and general manager	Feihe Enterprise Management	300,000	0.07%	[REDACTED]%
Zhang Yuhu	Executive Director	Feihe Enterprise Management	250,000	0.06%	[REDACTED]%
		Shanghai Huiqianna	395,369	0.10%	[REDACTED]%
		Guizhou Siruide	74,999	0.02%	[REDACTED]%
Zhang Xuan	Head of finance and Board secretary	Yunbai Enterprise Management	425,000	0.11%	[REDACTED]%
Li Wenhua	Deputy general manager	Shanghai Huiqianna	586,872	0.14%	[REDACTED]%
		Yuyi Enterprise Management	500,000	0.12%	[REDACTED]%
		Guizhou Siruide	50,000	0.01%	[REDACTED]%

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Position/name	Position/connected relationship	Relevant employee incentive platforms	Number of Shares ⁽¹⁾	Incentive Awards held by the Participant corresponding to	
				% of shareholding in the total issued share capital as of the Latest Practicable Date ⁽⁴⁾	% of shareholding in the total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ⁽⁴⁾
Zhang Guoliang	Chief Executive of one of our subsidiaries	Feihe Enterprise Management	100,000	0.02%	[REDACTED]%
		Guizhou Siruide	24,999	0.01%	[REDACTED]%
		Shanghai Huiqianna	75,563	0.02%	[REDACTED]%
Shen Qi	Supervisor of one of our subsidiaries	Feihe Enterprise Management	25,000	0.01%	[REDACTED]%
Xu Song	Director of one of our subsidiaries	Yunbai Enterprise Management	150,000	0.04%	[REDACTED]%
		Guizhou Siruide	37,499	0.01%	[REDACTED]%
		Shanghai Huiqianna	32,743	0.01%	[REDACTED]%
Meng Yingying	Supervisor of one of our subsidiaries in our Group	Yunbai Enterprise Management	150,000	0.04%	[REDACTED]%
		Guizhou Siruide	87,499	0.02%	[REDACTED]%
		Shanghai Huiqianna	167,749	0.04%	[REDACTED]%
Yao Jinbiao	Supervisor of one of our subsidiaries	Guiyang Xiangmiao	38,749	0.01%	[REDACTED]%
Li Jun	Director of one of our subsidiaries	Shanghai Huiqianna	285,124	0.07%	[REDACTED]%
		Guizhou Siruide	37,499	0.01%	[REDACTED]%
		Feihe Enterprise Management	250,000	0.06%	[REDACTED]%
Liu Zhao	Supervisor of one of our subsidiaries	Guizhou Siruide	12,500	0.01%	[REDACTED]%
Zhang Yaxin	Director of one of our subsidiaries	Feihe Enterprise Management	25,000	0.01%	[REDACTED]%
		Guiyang Xiangmiao	9,375	0.01%	[REDACTED]%
Han Lei	Supervisor of one of our subsidiaries	Feihe Enterprise Management	75,000	0.02%	[REDACTED]%
		Guizhou Siruide	18,749	0.01%	[REDACTED]%

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			Incentive Awards held by the Participant corresponding to		
				% of shareholding in the total issued share capital immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ⁽⁴⁾	
Position/name	Position/connected relationship	Relevant employee incentive platforms	Number of Shares ⁽¹⁾	% of shareholding in the total issued share capital as of the Latest Practicable Date ⁽⁴⁾	
Connected Persons					
Dong Ye	Relative of Mr. Dong ⁽²⁾	Yuyi Enterprise Management	300,000	0.07%	[REDACTED]%
		Guizhou Siruide	93,749	0.02%	[REDACTED]%
Yuan Zhenzi	Relative of Mr. Dong ⁽²⁾	Yunbai Enterprise Management	50,000	0.01%	[REDACTED]%
		Guizhou Siruide	18,749	0.01%	[REDACTED]%
Dong Wei	Relative of Mr. Dong ⁽²⁾	Guizhou Siruide	437,498	0.11%	[REDACTED]%
		Yunbai Enterprise Management	125,000	0.03%	[REDACTED]%
		Shanghai Huiqianna	50,375	0.01%	[REDACTED]%
Li Wanlan	Relative of Mr. Dong ⁽²⁾	Yunbai Enterprise Management	50,000	0.01%	[REDACTED]%
		Guiyang Xiangmiao ⁽³⁾	28,749	0.01%	[REDACTED]%

Note:

- (1) The number of shares allocated are determined based on their respective shareholding proportion in the relevant incentive platform, rounded to the nearest whole numbers.
- (2) For details, see “History and Corporate Structure — Our Capitalization”.
- (3) Li Wanlan is deemed to be interested in 28,749 Shares held by Guizhou Siruide. Such interest is held through her 5.08% partnership interest in Guiyang Xiangmiao, which in turn holds 24.48% of the partnership interest in Guizhou Siruide.
- (4) The percentage shareholding shown above has been rounded to two decimal places. As a result of such rounding, shareholdings of less than 0.01% are presented as 0.01%.

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OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], our H Shares to be converted from Unlisted Shares and our H Shares to be issued pursuant to the [REDACTED] and they satisfy the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a fee of US\$1 million to act as the Sponsor to our Company in connection with the [REDACTED], among which US\$120,000 had been paid by our Company to the Sole Sponsor as of the Latest Practicable Date.

Compliance Advisor

Our Company has appointed Somerley Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

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STATUTORY AND GENERAL INFORMATION

Potential [REDACTED] in the [REDACTED] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of [REDACTED] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [REDACTED] or the exercise of any rights in relation to our H Shares.

Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
CITIC Securities (Hong Kong) Limited.	A licenced corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Beijing DeHeng Law Offices	PRC legal advisors to our Company
Han Kun LLP	Legal advisors on U.S. international sanctions and export control laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
KPMG	Certified public accountants: Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Asia-Pacific Consulting and Appraisal Limited.	Independent property valuer

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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Promoters

The promoters of our Company are as follows:

No.	Name of Promoters of Our Company
1	Shanghai Huilun Pharmaceutical Technology Co., Ltd. (上海滙倫醫藥科技有限公司)
2	Guiyang Xintian Pharmaceutical Co., Ltd. (貴陽新天藥業股份有限公司)
3	Hainan Qian Yao Enterprise Management Partnership (Limited Partnership) (海南乾耀企業管理合夥企業(有限合夥))
4	Qingdao Tianzi Huilun Investment Partnership (Limited Partnership) (青島天自滙倫投資合夥企業(有限合夥))
5	Guiyang Venture Capital Co., Ltd. (貴陽市創業投資有限公司)
6	Hainan Zhongtai Honglun Management Consulting Centre (Limited Partnership) (海南眾泰宏倫管理諮詢中心(有限合夥))
7	Qin Jihong (秦繼紅)
8	Wang Liuzhen (王柳珍)
9	Hainan Jinhuifeng Chuangying Venture Capital Partnership (Limited Partnership) (海南金慧豐創楹創業投資合夥企業(有限合夥))
10	Shanghai Guosheng Haitong Equity Investment Fund Partnership (Limited Partnership) (上海國盛海通股權投資基金合夥企業(有限合夥))
11	Shanghai Huiqianna Enterprise Management Consulting Centre (Limited Partnership) (上海薈謙納企業管理諮詢中心(有限合夥))
12	Taizhou China Medical City Rongjianda Venture Capital Co., Ltd. (泰州中國醫藥城融健達創業投資有限公司)
13	Pingyang Puyi Investment Partnership (Limited Partnership) (平陽樸毅投資合夥企業(有限合夥))
14	Zhuhai Kangcheng Daotong VIII Emerging Industry Equity Investment Fund (Limited Partnership) (珠海康橙道同八期新興產業股權投資基金(有限合夥))
15	Jiaxing Huayu Xinghui Enterprise Management Partnership (Limited Partnership) (嘉興華玉興匯企業管理合夥企業(有限合夥))
16	Guiyang SME Development Fund (Limited Partnership) (貴陽中小企業發展基金(有限合夥))
17	Dong Wei (董偉)
18	Guiyang Shuangfu Hotel Co., Ltd. (貴陽雙福酒店有限公司)
19	Guizhou Tianxiang Shengtai Enterprise Management Partnership (Limited Partnership) (貴州天祥勝泰企業管理合夥企業(有限合夥))
20	Dong Ye (董曄)
21	Shanghai Gaoxin Shengsheng Venture Capital Partnership (Limited Partnership) (上海高信聖昇創業投資合夥企業(有限合夥))
22	Wanlian Guangsheng Investment Co., Ltd. (萬聯廣生投資有限公司)
23	Hubei Pinghu Venture Capital Co., Ltd. (湖北蘋湖創業投資有限公司)
24	Guizhou Siruide Enterprise Management Partnership (貴州思瑞德企業管理合夥企業)

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No.	Name of Promoters of Our Company
25	Hainan Ruixin Huitong Management Consulting Centre (Limited Partnership) (海南瑞信匯通管理諮詢中心(有限合夥))
26	Guiyang Industrial and Information Technology Industry Development Guidance Fund Co., Ltd. (貴陽市工業和資訊化產業發展引導基金有限公司)
27	Beijing Jinhuifeng Investment Management Co., Ltd. (北京金慧豐投資管理有限公司)
28	Nanjing Tongren Boda Equity Investment Centre (Limited Partnership) (南京同人博達股權投資中心(有限合夥))
29	Shanghai Zhuoying Venture Capital Partnership (Limited Partnership) (上海卓楹創業投資合夥企業(有限合夥))
30	Wang Jinhua (王金華)
31	Zhuhai Kangcheng Daotong VI Emerging Industry Equity Investment Fund (Limited Partnership) (珠海康橙道同六期新興產業股權投資基金(有限合夥))
32	Guangzhou Tianze Zhongding II Venture Capital Fund Centre (Limited Partnership) (廣州天澤中鼎二期創業投資基金中心(有限合夥))
33	Splendi (Beijing) Cultural Exchange Development Co., Ltd. (施普蘭迪(北京)文化交流發展有限公司)
34	Dong Zhu (董竹)
35	Yuan Ye (袁野)
36	Wang Guangping (王光平)
37	Guizhou Mingyue Venture Capital Fund Management Enterprise (Limited Partnership) (貴州明月創業投資基金管理企業(有限合夥))
38	Beijing Jiacheng Pharmaceutical Co., Ltd. (北京佳誠醫藥有限公司)
39	Cheng Xuexiang (程雪翔)
40	Wang Wenyi (王文意)
41	Lu Yali (陸雅莉)
42	Ge Wenbo (葛文波)
43	Li Wenhua (李文華)
44	Tang Yuhai (湯聿海)
45	Chen Juerong (陳珏蓉)
46	Sun Guoming (孫國明)
47	Wu Minxuan (吳旻宣)
48	Ji Weijia (季維嘉)
49	Shen Zhengwu (沈征武)
50	Weng Zhuhao (翁朱昊)

Save as disclosed in the section headed “History and Corporate Structure,” within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

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Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since December 31, 2025, being the date of our combined financial statements as set out in “Appendix I — Accountants’ Report,” up to the date of this document.

Miscellaneous

Save as disclosed in this document or in connection with the [REDACTED],

- (i) within the two years immediately preceding the date of this document, (a) save as disclosed in the “History and Corporate Structure” section and “Changes in the Share Capital of Our Subsidiaries” in this section above, neither our Company nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash; and (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iv) there are no arrangements under which future dividends are waived or agreed to be waived;
- (v) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (vi) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months proceeding the date of this document;

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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- (vii) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (viii) our Company has no outstanding convertible debt securities or debentures.

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Appendix V — Statutory and General Information — Other Information — Consents of Experts”; and
- (b) a copy of the material contract referred to in “Appendix V — Statutory and General Information — Further Information about Our Business — Summary of Material Contract”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.huilun.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of the Company for the three financial years ended December 31, 2023, 2024 and 2025;
- (d) the report on unaudited [REDACTED] financial information of our Group from KPMG, the text of which is set out in Appendix II to this document;
- (e) the legal opinions issued by Beijing DeHeng Law Offices, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;
- (f) the legal memorandum issued by Han Kun LLP, our International Sanctions Counsel;
- (g) the industry report prepared by Frost & Sullivan, the summary of which is set forth in the “Industry Overview” section;
- (h) a copy of each of the PRC Company Law, the PRC Securities Law, and Overseas Listing Trial Measures together with their unofficial English translation;
- (i) the letter, summary of valuations and valuation certificates relating to certain property interests of our Company prepared by Asia-Pacific Consulting and Appraisal Limited, the texts of which are set out in Appendix III to this document;

APPENDIX VI

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (j) the material contract referred to in “Appendix V — Statutory and General Information — Further Information about Our Business — Summary of Material Contract”;
- (k) the written consents referred to in “Appendix V — Statutory and General Information — Other Information — Consents of Experts”; and
- (l) the service contracts referred to in “Appendix V — Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — Directors — Particulars of Service Contracts”.