INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, [REDACTED] market research and other sources from independent suppliers, and from the independent industry report prepared by CIC. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of the [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.

OVERVIEW OF THE API AND INTERMEDIATE MARKET

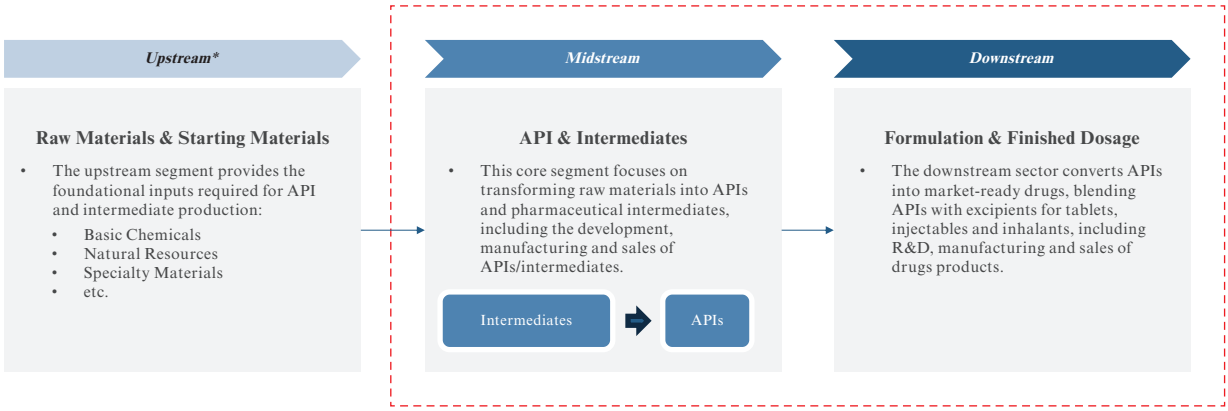
Active pharmaceutical ingredients (APIs) and pharmaceutical intermediates are fundamental elements in drug development and production. APIs are the biologically active substances that provide the intended therapeutic effects in pharmaceutical products, whereas intermediates are key chemical compounds generated through multi-step synthetic processes that ultimately lead to the production of APIs. Most APIs are produced via chemical synthesis, biocatalysis, chemocatalysis, or biofermentation techniques. These manufacturing methods are complemented by stringent purification procedures and quality control measures to ensure compliance with pharmacopeial standards and cGMP regulations. Additionally, biosynthetic methods, including synthetic biology-enabled microbial fermentation, are becoming increasingly important for the manufacture of structurally complex molecules.

Specialty APIs and intermediates are compounds tailored for the production of generic drugs that replicate branded medications approaching or having lost patent protection. In contrast to low-technical barrier bulk APIs, which are widely commoditized and manufactured in large volumes, specialty APIs demand advanced synthesis techniques and tightly controlled processes to ensure compliance with rigorous regulatory requirements for purity, stability, and bioequivalence. These compounds play a crucial role in enabling timely entry into the generic drug market post-patent expiry, although their development often involves overcoming complex patent landscapes and navigating intricate regulatory pathways. The Company's API/intermediate products fall within the specialty API and intermediate market.

Value Chain of the API and Intermediate Market

The API and intermediate industry value chain spans from the upstream supply of basic chemicals, through the midstream synthesis of APIs and intermediates, to the downstream formulation of finished drug products. Midstream players play a pivotal role in bridging this ecosystem. The following diagram illustrates the upstream, midstream, and downstream of the industry:

Value Chain of API and Intermediate Market



- - - - - -: the Company's target position

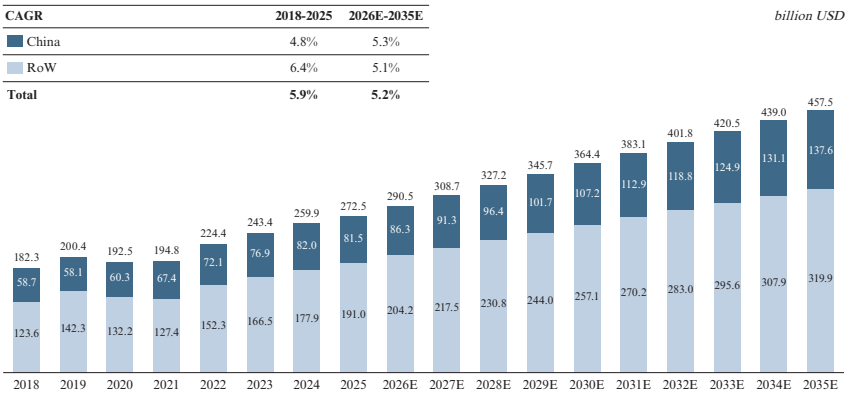
* The Company's key raw materials used in production during the Track Record Period primarily included (i) MCB, sorbitol, ANB, methyl oleate, phenylboronic acid and trifluoromethanesulfonic acid, which are primarily used in the production of echinocandin APIs and intermediates, and (ii) DF05 and dibromobutyric acid, primarily used in the production of oseltamivir APIs and intermediates. According to CIC, prices of most such key raw materials generally trended downward from 2018 to 2025, primarily due to increased competition among upstream suppliers. Looking forward, prices of such key raw materials may continue to fluctuate in response to market conditions, but are generally expected to stabilize. By contrast, labour costs in China's pharmaceutical manufacturing industry have generally trended upward in recent years. According to wage data published by the Ministry of Human Resources and Social Security of the PRC, the median annual wage of personnel in the pharmaceutical manufacturing industry increased at a CAGR of approximately 6.1% between 2018 and 2024. According to CIC, such increase was primarily attributable to overall wage growth and continued demand for labor in the pharmaceutical industry, and labor costs are expected to remain subject to upward pressure.

Source: China Medical Herald, CIC

Market Size of APIs and Intermediates

According to CIC, the global APIs and intermediate market was estimated at US$182.3 billion in 2018 and increased to US$272.5 billion in 2025. This market is expected to reach US$457.5 billion by 2035, with a CAGR of 5.2% from 2026 to 2035. China's API and intermediate market size was US$58.7 billion in 2018, which expanded with a CAGR of 4.8% to reach US$81.5 billion in 2025. This market is expected to reach US$137.6 billion in 2035, with a CAGR of 5.3% from 2026 to 2035. The following chart sets forth the global and China's API and intermediate market size between 2018 and 2035.

Global Market Size of APIs and Intermediates, 2018–2035E



Source: China Chamber of Commerce of Medicines & Health Products Importers & Exporters, National Bureau of Statistics of China, CIC

Entry Barriers to Specialty API and Intermediate Market

Entry barriers to the specialty API and intermediate market primarily include: (i) formidable technological hurdles, encompassing long-term R&D planning well ahead of patent expirations, complex industrial scale-up under strict stability and safety standards, as well as continuous process optimization for cost-effective and green manufacturing; (ii) stringent regulatory requirements, compelling new entrants to make substantial investments in compliance infrastructure to secure licenses and permits, ensure full adherence to cGMP, and pass periodic regulatory reassessments; (iii) escalating environmental and safety standards, which demand significant capital for advanced control infrastructure and increase operational complexity; and (iv) strong market lock-in effects, as pharmaceutical companies favor established, long-term supplier relationships to avoid the costly and time-consuming qualification and revalidation processes.

Growth Drivers and Future Trends of Specialty API and Intermediate Market

Growth drivers and future trends in the specialty API and intermediate market primarily include: (i) the accelerating expansion of the downstream pharmaceutical market, driven by structural global demographic trends and rising healthcare awareness, which continuously fuels the demand for high-quality APIs and intermediates; (ii) advancements in synthesis technologies, where the integration of green chemistry (e.g., enzymatic catalysis) and biological fermentation enables the highly efficient, sustainable, and precise production of complex molecules; (iii) accelerating patent expirations, coupled with global constraints on healthcare affordability, driving the rapid market penetration of high-barrier generics and surging the consumption of specialty APIs; (iv) the ongoing integration and optimization of the pharmaceutical value chain, as companies expand upstream and downstream to secure supply chain stability, enhance cost control, and maximize overall operational efficiency.

LIFE CYCLE OF GENERIC DRUG PRODUCTS

Generic drug products generally exhibit identifiable life cycle characteristics, and market dynamics typically evolve through four stages: introduction, growth, maturity and decline. The applicable life cycle stage of a product is influenced by a range of factors, including treatment demand, generic penetration, changes in clinical practice, pricing trends, competitive intensity, regulatory developments and the emergence of alternative therapies. Certain products may also exhibit specific demand characteristics — for example, products used to treat seasonal infectious diseases may experience periodic fluctuations in demand corresponding to changes in disease prevalence patterns. As APIs and intermediates are primarily manufactured for use in the production of finished drug products, their commercial performance is closely linked to, and generally mirrors, the life cycle dynamics of the corresponding finished drugs. For example, the inclusion of downstream finished drug products under the VBP schemes may also transmit pricing pressure upstream, adversely affecting the sales performance of APIs and intermediates as customers seek to lower their procurement costs. The following table sets out the life cycle characteristics for each of our Company's major marketed finished drug products, as well as the finished drug products into which the Company's APIs/intermediates are incorporated.

	Micafungin sodium	Oseltamivir phosphate	Caspofungin acetate	Anidulafungin*	Fidaxomicin*	Eribulin mesylate	Pimecrolimus*	Dalbavancin*
Originator First Approval	2002	1999	2001	2006	2011	2010	2001	2014
No. of Approved Generic Drugs**	Over 15	Over 50	Over 20	None	Three	Over 10	Over five	Four
Market Share of the Company's APIs/ Intermediates (2025)	33.3%	2.7%	20.4%	45.2%	9.4%	8.4%	16.6%	21.8%
Life Cycle Stage	Mature	Mature	Mature	Introductory	Introductory	Growth	Growth	Introductory
Key Market Characteristics	Stable demand; established antifungal clinical use; intensifying API supplier competition; formulation subject to VBP pricing pressure and competition from alternative antifungals	Seasonal demand (Q4/Q1 peak); inter-annual demand influenced by influenza season intensity; intensifying generic competition	Established first-line antifungal use; stable generic demand; downward pricing pressure from deepening generic penetration and procurement policies	Originator retains majority market share; ongoing generic penetration potential; stable demand from established antifungal use; pricing may be affected by increasing generic competition	Growing clinical recognition for *Clostridioides difficile* treatment; pace of generic development subject to competitive dynamics and timing of regulatory approvals	Expanding downstream formulation adoption; subject to increasing API supplier competition and competition from alternative oncology therapies	Expanding downstream formulation commercialization; intensifying pricing competition with additional approvals; potential VBP inclusion in China	Stable demand for antibiotic-resistant bacterial therapies; originator retains majority market share; ongoing generic penetration potential

* During the Track Record Period, the Company sold these products only in the form of APIs/intermediates, and not as finished dosage forms.

** As of the Latest Practicable Date.

OVERVIEW OF THE GLOBAL AND CHINA METABOLIC DISEASE MARKET

Metabolic diseases are conditions that interfere with the body's ability to process macronutrients (carbohydrates, fats, and proteins), often caused by deficiencies in hormones or enzymes. These disorders commonly present as elevated blood glucose, abnormal fat accumulation, high blood pressure, and imbalances in cholesterol or triglyceride levels. Because these conditions frequently interact to worsen symptoms and lead to serious comorbidities, they often require condition-specific treatment approaches. The global prevalence of metabolic diseases grew from 2,279.9 million in 2018 to 2,618.6 million in 2025, and is projected to reach 3,139.5 million in 2035. In China, the prevalence of metabolic diseases increased from 502.7 million in 2018 to 565.7 million in 2025 and is expected to reach 678.2 million in 2035.

Disease Burden and Clinical Challenges Associated with Metabolic Diseases

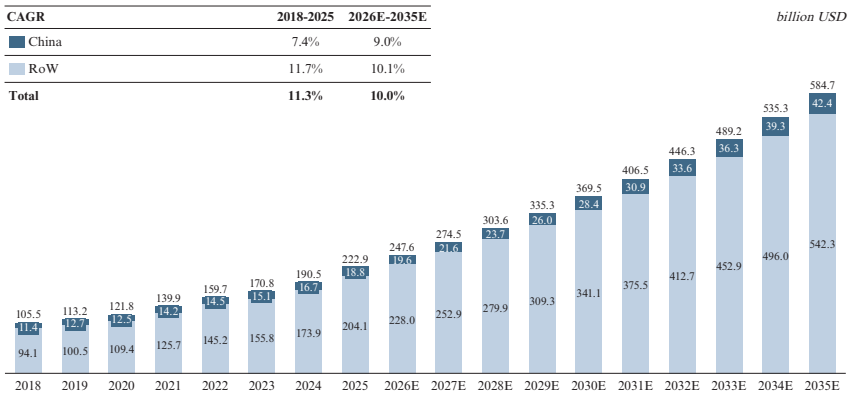
Type 2 diabetes mellitus (T2DM) and obesity are expected to further elevate the risks of atherosclerosis, heart failure, and other cardiovascular events, leading to a high prevalence of comorbid cardiovascular diseases. In addition, diabetes remains one of the primary risk factors for chronic kidney disease (CKD). There remains a significant unmet clinical need among patients who do not adequately respond to monotherapy or require therapies with reduced hypoglycemia risk. Multi-mechanism therapeutic strategies are increasingly necessary to achieve optimal clinical outcomes. Currently, once-weekly GLP-1 receptor agonists and once-weekly insulin products have been approved. In addition, GLP-1/insulin fixed-dose combination therapies are under development. The combination of basal insulin with GLP-1 receptor agonists has demonstrated the potential to enhance glycemic control while minimizing adverse effects.

Market Size of Metabolic Disease Drug

The following chart illustrates the global and China metabolic disease drug market.

Global Market Size of Metabolic Diseases, 2018–2035E

CAGR	2018-2025	2026E-2035E
China	7.4%	9.0%
RoW	11.7%	10.1%
Total	**11.3%**	**10.0%**



Source: American Diabetes Association, Chinese Diabetes Society, CIC

Entry Barriers to the Metabolic Disease Market

The metabolic disease market presents significant barriers to entry, primarily characterized by: (i) high R&D complexity, which requires designing multi-target molecules with balanced efficacy and safety, overcoming formulation challenges for oral peptides, and conducting lengthy multi-center trials to generate robust head-to-head evidence against approved therapies; (ii) substantial capital requirements spanning early-stage research to commercialization, driven by the costs of large-scale clinical recruitment, establishing compliant manufacturing facilities, and sustaining continuous marketing efforts; and (iii) critical market access hurdles following regulatory approval, including

the necessity of securing favorable pricing and reimbursement in government insurance programs, building specialized sales and medical affairs teams to engage prescribing physicians, and managing compliant online and offline distribution channels.

Growth Drivers for the Metabolic Disease Market

The rapid expansion of the metabolic disease market is primarily driven by: (i) the rising global prevalence of T2DM and obesity due to lifestyle changes, which creates an urgent and sustained demand for effective therapies; (ii) technological advancements in next-generation GLP-1 therapies, particularly multi-target mechanisms and oral formulations that significantly enhance efficacy and patient adherence; and (iii) the continuous expansion of therapeutic indications, as clinical research validates the potential of these agents in treating hepatic steatosis, cardiovascular diseases, and neurodegenerative disorders such as Alzheimer's and Parkinson's disease. Furthermore, the market is fueled by elevated public health awareness and government initiatives, notably China's "Year of Weight Management" implementation plan (《「體重管理年」活動實施方案》), which officially validates medical intervention for obesity. Additionally, National Major Science and Technology Projects Policy and regional policies across China, such as Several Opinions of the General Office of Shanghai Municipal People's Government on Supporting the Full-chain Innovative Development of the Biomedical Industry (《上海市人民政府辦公廳關於支持生物醫藥產業全鏈條創新發展的若干意見》), provide full-value-chain support for metabolic innovative drugs, accelerating their progression from R&D to commercialization.

Future Trends of the Metabolic Disease Market

The future trends of the metabolic disease market are expected to be driven by continuous innovation, specifically: (i) the exploration of next-generation modalities, evolving from single-target (e.g., GLP-1) or dual-target (e.g., GLP-1/GIP) to multi-target agonists while optimizing delivery methods, such as oral formulations and long-acting injectables, to enhance efficacy and patient adherence; (ii) the establishment of GLP-1 as a foundational pathway for multimorbidity management, where "GLP-1 + X" combination strategies (e.g., GLP-1 with insulin) offer superior outcomes without added hypoglycemia risk, expanding treatments to broader indications, including obstructive sleep apnea (OSA), metabolic dysfunction-associated steatohepatitis (MASH), and CKD; and (iii) China's growing prominence in the global innovation landscape, evidenced by robust domestic R&D capabilities and the successful out-licensing of promising GLP-1 assets to the global market.

Key Therapeutic Areas within the Metabolic Disease Market

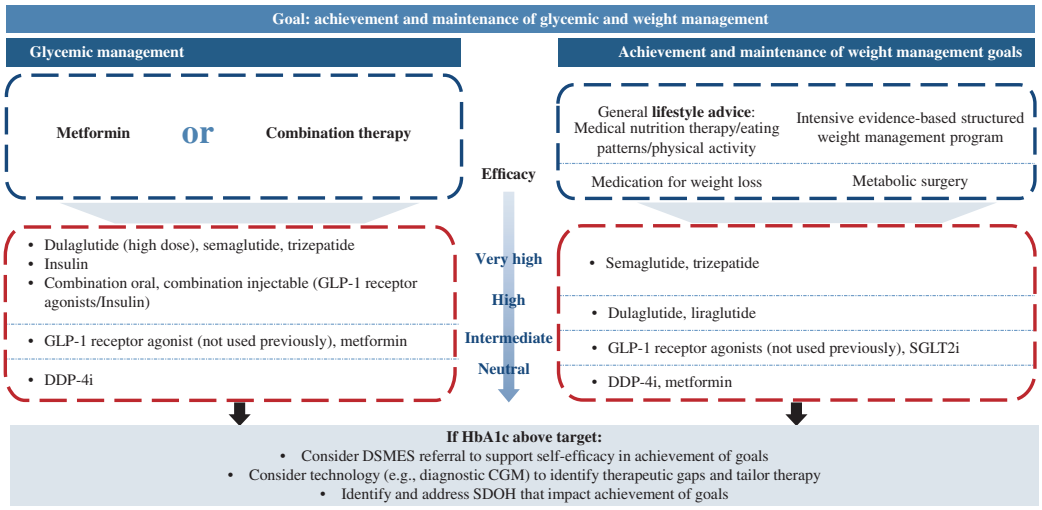
Overview of T2DM Drug Market

Diabetes is a long-term metabolic condition characterized by abnormally elevated blood sugar (glucose) levels. There are two primary forms of diabetes. While Type 1 diabetes (T1DM) is an autoimmune disorder in which the immune system destroys insulin-producing β-cells, T2DM results from the body's inability to produce enough insulin or effectively utilize it, leading to glucose accumulation in the bloodstream. T2DM accounts for around 90% of all cases of diabetes. The symptoms of T2DM include: frequent urination, excessive thirst and fluid intake, fatigue, blurred vision, abnormal weight loss and increased hunger, and non-healing wounds. Approximately 66.8% of T2DM patients in China have chronic comorbid condition, and the average number of chronic comorbidities per patient is 2.17.

The global prevalence of T2DM grew from 486.3 million in 2018 to 552.0 million in 2025, and is projected to reach 632.5 million in 2035. In China, the prevalence of T2DM increased from 115.1 million in 2018 to 129.8 million in 2025 and is expected to reach 143.9 million in 2035.

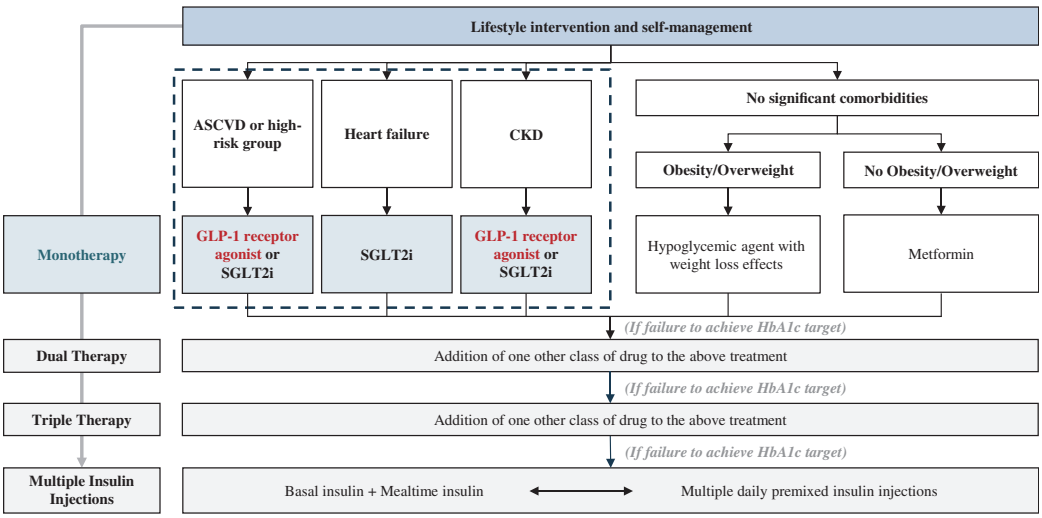
Treatment Paradigm for T2DM

The treatment paradigm for T2DM is mainly based on insulin therapy and antidiabetic medications. In January 2023, the FDA approved label update for semaglutide, allowing its use as first-line treatment for adults with T2DM. The following chart sets forth the treatment paradigm for T2DM according to American Diabetes Association ("**ADA**"):



Source: American Diabetes Association, CIC

In China, GLP-1 receptor agonists are recognized in clinical guidelines as a recommended medication class for dual therapy in T2DM patients with elevated HbA1c levels and coexisting conditions, demonstrating positive results in clinical trials and real-world practice. The chart below outlines the treatment paradigm for T2DM based on the China Guidelines for the Prevention and Treatment of Type 2 Diabetes (2024 edition):



Abbreviations: HbA1c = glycated hemoglobin; ASCVD = atherosclerosis cardiovascular disease; CKD = chronic kidney disease

Source: China Guidelines for the Prevention and Treatment of Type 2 Diabetes (2024 edition), CIC

The table below outlines the eight major classes of drugs commonly used in the treatment of T2DM. Among them, GLP-1 receptor agonists have increasingly demonstrated broad advantages over other drug classes, which are often constrained by limited long-term efficacy, adverse side effects, and complex safety profiles.

Major T2DM Drug Classes

Drug Class	*Mechanism of Action*	*Blood glucose control*	*Hypoglycemia risk*	*Weight loss*	*CV effects*		*Renal effects*	*Common adverse reaction*
					MACE	*HF*	*DKD*	
GLP-1 receptor agonist	• Activate GLP-1 receptor, increase insulin secretion, decrease glucagon secretion • Sometimes combined with agonists targeting GCGR and/or GIPR	High to very high	×	High	Benefit	Neutral	Benefit on CVOT measured by Albuminuria	GI effects
Metformin	• Decrease in hepatic glucose production; increase in muscle insulin sensitivity by activating AMPK	High	×	Neutral	Potential benefit	Neutral	Neutral	GI effects
TZDs	• Bind PPAR-γ, decrease insulin resistance and increase glucose utilization	High	×	Gain	Potential benefit: pioglitazone	Increased risk	Neutral	Edema
Sulfonylureas	• Stimulates beta cell insulin secretion	High	√	Gain	Neutral	Neutral	Neutral	Hypoglycemia
DPP-4i	• Prevent degradation of GLP-1	Intermediate	×	Neutral	Neutral	Neutral (potential risk: saxagliptin)	Neutral	N/A
SGLT2i	• Prevent glucose reabsorption and facilitate its excretion in urine by inhibiting SGLT-2	Intermediate to high	×	Intermediate	Benefits shown by selected SGLT2is	Benefits shown by selected SGLT2is	Benefits shown by selected SGLT2is	Urinary tract infection
Insulin	• Stimulate glycogen synthesis, increase glycolysis and glucose transport, inhibit glycogenolysis, gluconeogenesis, andglucagon secretion	High to very high	√	Gain	Neutral	Neutral	Neutral	Hypoglycemia
GKA	• Acts as a glucose sensor, triggering counter regulatory responses following a change in glucose levels to aid restoration of normoglycemia.	High	×	Neutral	N/A	N/A	Neutral	N/A

Note: CV = cardiovascular, MACE = major adverse cardiovascular events, HF = heart failure

Source: American Diabetes Association, CIC

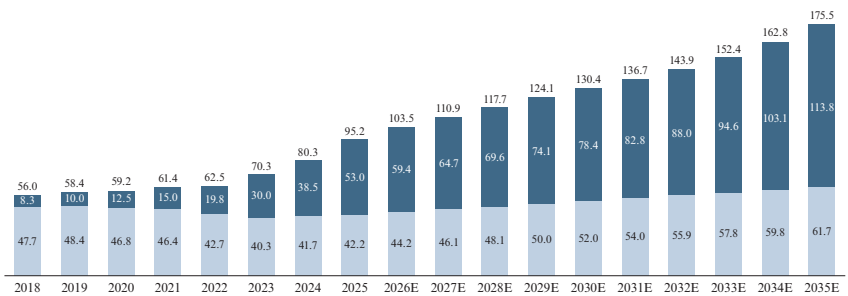
Market Size of T2DM Drugs

In recent years, the advancement of GLP-1 receptor agonists has transformed the management of metabolic disorders, especially T2DM, leading to their growing dominance in the T2DM treatment market. The chart below presents the global market size for T2DM drugs, with a breakdown between GLP-1 receptor agonists and other drug categories.

Global Market Size of T2DM Drugs, 2018–2035E

CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	30.3%	7.5%
Others	-1.7%	3.9%
Total	**7.9%**	**6.0%**

billion USD



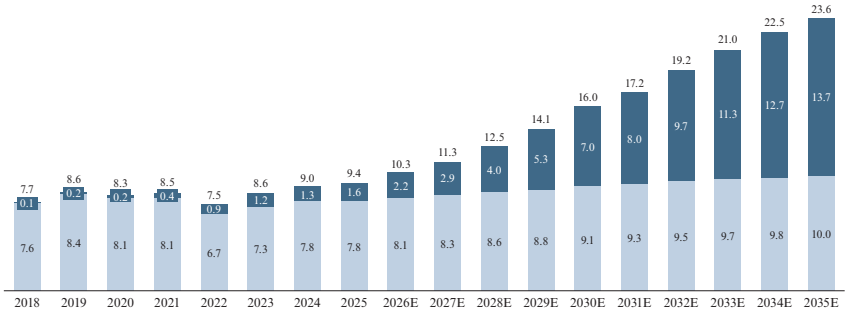
Source: WHO, The Lancet, ADA, CIC

Driven by the comprehensive clinical benefits demonstrated in clinical trials, GLP-1 receptor agonists are poised for rapid expansion in China. While current market penetration remains limited due to their late market entry and relatively high cost, this presents a massive untapped opportunity for future growth. The chart below outlines the market size of T2DM drugs in China, with a breakdown between GLP-1 receptor agonists and other drug categories.

Market Size of T2DM Drugs in China, 2018–2035E

CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	48.7%	22.6%
Others	0.4%	2.4%
Total	**3.0%**	**9.7%**

billion USD



Source: The Lancet, CIC

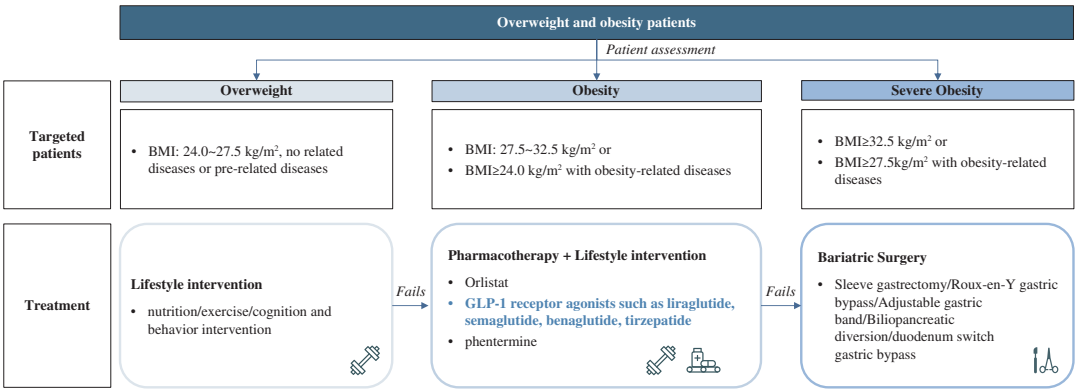
Overview of Obesity/Overweight Drug Market

Obesity is a chronic medical condition marked by excessive or abnormal fat accumulation, which significantly contributes to a broad spectrum of health issues, including cardiovascular diseases, T2DM, musculoskeletal disorders, and cancer development. Body mass index (BMI), calculated from an individual's height and weight, is widely used as an indicator of body fat levels. According to the WHO criteria, a BMI over 25 kg/m^2 classifies an individual as overweight, while a BMI exceeding 30 kg/m^2 denotes obesity. In China, the thresholds are slightly lower, with overweight defined as a BMI above 24 kg/m^2 and obesity as a BMI above 28 kg/m^2. Individuals surpassing these BMI benchmarks represent the target population for therapeutic interventions.

Obesity can independently cause or worsen a variety of health issues, often in synergy with other conditions. It notably increases the risk of cardiovascular diseases, particularly heart failure and coronary artery disease, as well as osteoarthritis, a debilitating disorder affecting the joints. Furthermore, obesity is closely linked to prediabetes, T2DM, and certain malignancies. The global prevalence of obesity/overweight grew from 2,180.3 million in 2018 to 2,696.6 million in 2025, and is projected to reach 3,426.7 million in 2035. In China, the prevalence of obesity/overweight increased from 495.7 million in 2018 to 664.0 million in 2025 and is expected to reach 847.5 million in 2035.

Treatment Paradigm for Obesity and Overweight

Obesity and overweight call for the development of personalized treatment and follow-up strategies tailored to the specific needs of different patient groups. The following chart sets forth the treatment paradigm for obesity and overweight:



Source: Standards of Care in Overweight and Obesity-2025, Guideline for the Diagnosis and Treatment of Obesity (2024 Edition), CIC

Data shows that the penetration rate of bariatric surgery remains extremely low, leaving a significant treatment gap. In 2025, for example, only around 32,000 bariatric surgeries were performed in China, representing approximately 0.01% of the total obesity population. The stark gap indicates substantial growth potential in the obesity/overweight treatment market.

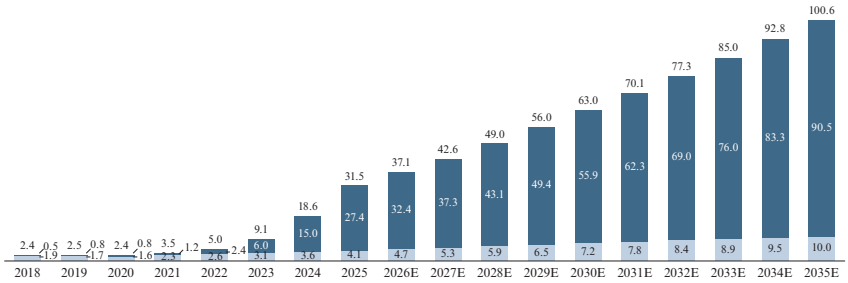
Market Size of Obesity/Overweight Drugs

With ongoing advancements in innovative therapies and rising clinical demand, the global obesity/overweight drug market has experienced substantial growth in recent years and is projected to expand at an accelerated rate. The chart below illustrates the global market size for obesity/overweight drugs, with a breakdown between GLP-1 receptor agonists and other drug categories.

Global Market Size of Obesity/Overweight Drugs, 2018–2035E

CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	75.0%	12.1%
Others	12.0%	8.8%
Total	**44.5%**	**11.7%**

billion USD



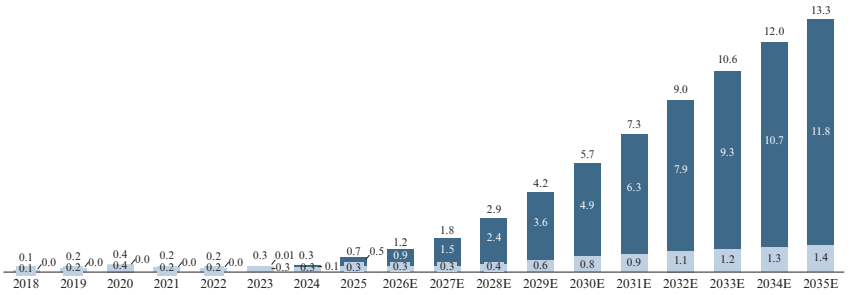
Source: World Obesity Atlas, WHO, CIC

The obesity/overweight drug market in China emerged relatively recently, yet holds substantial growth potential in the coming years. The chart below presents the market size of obesity/overweight drugs in China, with a breakdown between GLP-1 receptor agonists and other drug categories. In

2023, it was estimated that only 0.01% of obesity patients in China were treated with GLP-1 receptor agonists, following the NMPA's initial approval of this therapeutic option for obesity treatment in 2022.

Market Size of Obesity/Overweight Drugs in China, 2018–2035E

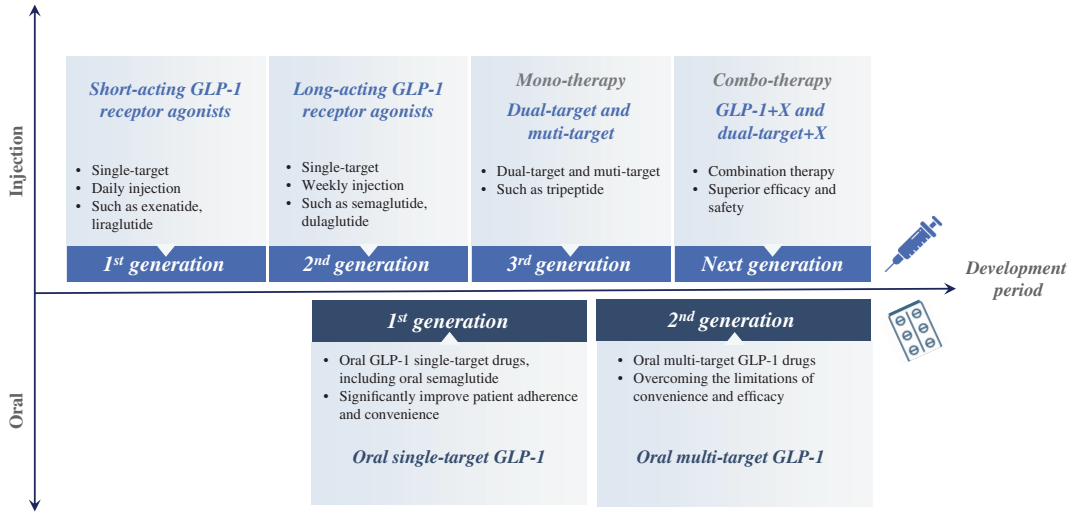
CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	/	33.4%
Others	15.1%	20.3%
Total	**32.8%**	**31.1%**



Source: World Obesity Atlas, CIC

Overview of GLP-1 Therapies

The development of GLP-1 therapies can be divided into two main pathways: injectable and oral dosage forms. The following chart illustrates the evolution of GLP-1 therapies:



Source: American Diabetes Association, Chinese Diabetes Society, CIC

Injectable GLP-1 receptor agonists have evolved from short-acting, single-target agents requiring frequent administrations to long-acting formulations that enable once-weekly or longer dosing and greatly improve adherence. Dual- and multi-agonists have combined GLP-1 with other pathways to achieve superior glucose control, weight reduction, and metabolic benefits. Combination therapies, including GLP-1 receptor agonists with agents like amylin analogs, represent the next step toward more comprehensive metabolic regulation.

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Oral GLP-1 therapies follow a similar path, progressing from single-target agents to dual- and multi-agonists. Current research focuses on multi-target oral agonists that deliver synergistic efficacy, expand therapeutic indications, and further enhance patient convenience and treatment experience.

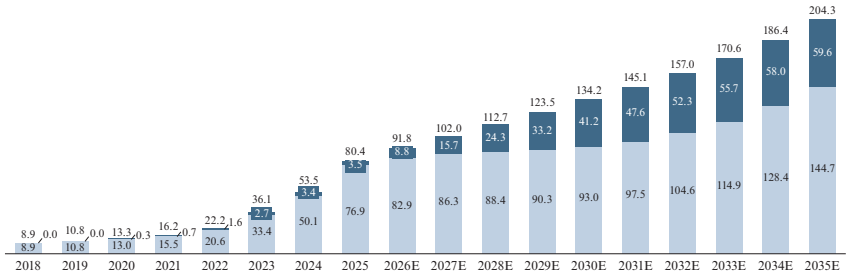
Market Size of GLP-1 Receptor Agonists

The global GLP-1 receptor agonist market is experiencing substantial and rapid growth, driven by surging demand for effective T2DM and obesity treatments. The market in China is poised for significant expansion, fueled by the rising prevalence of metabolic diseases and growing healthcare awareness. Meanwhile, next-generation dual agonists and combination therapies represent the new frontier, offering superior glycemic control and weight loss compared to early single-target agents. The charts below present the market size of GLP-1 receptor agonists globally and in China, with a breakdown between injectable and oral dosage forms.

Global Market Size of GLP-1 Receptor Agonists, 2018–2035E

CAGR	2018-2025	2026E-2035E
Oral	–	23.7%
Injection	36.1%	6.4%
Total	**37.0%**	**9.3%**

billion USD

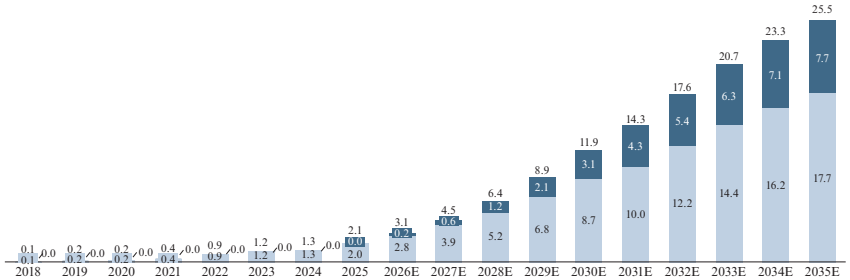


Source: Annual Report, FDA, CIC

Market Size of GLP-1 Receptor Agonists in China, 2018–2035E

CAGR	2018-2025	2026E-2035E
Oral	–	46.9%
Injection	53.7%	22.6%
Total	**54.1%**	**26.5%**

billion USD



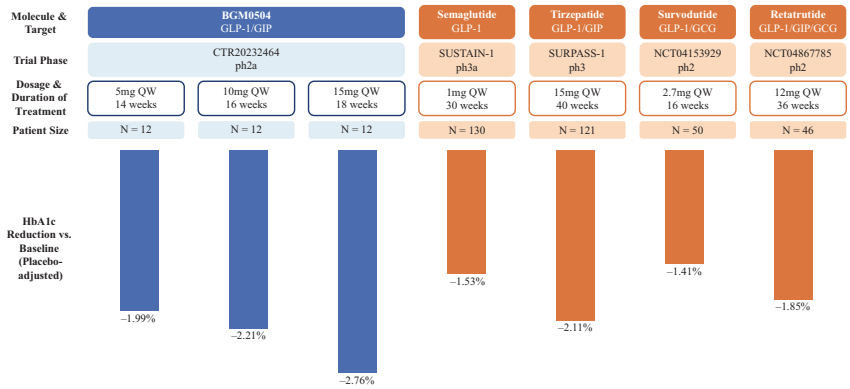
Source: Annual Report, NMPA, CIC

Clinical Advantages of GLP-1/GIP Dual Agonists

Compared to conventional treatments and single-receptor agonists, GLP-1/GIP dual agonists have demonstrated superior clinical efficacy in glycemic control and weight reduction. The following table summarizes the key therapeutic advantages of GLP-1/GIP dual agonists against major competitive drug classes for T2DM and obesity/overweight:

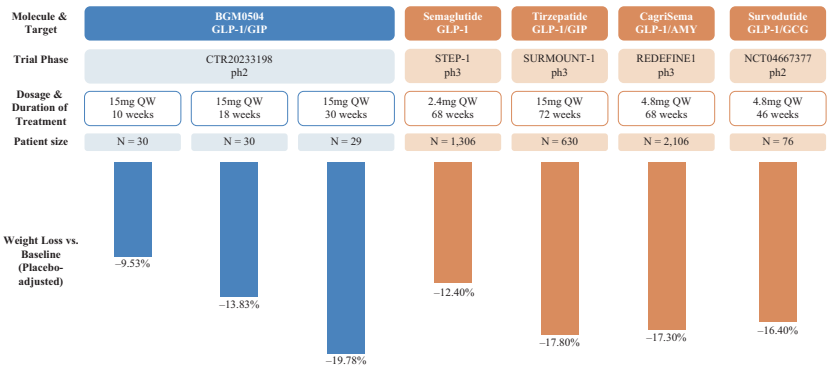
Dimension	GLP-1/GIP Dual Agonists	GLP-1 Mono-agonists	SGLT2 Inhibitors	Metformin	Orlistat
Glucagon Regulation	**Glucose-dependent modulation** — suppresses glucagon under hyperglycemia while preserving counter-regulation at low glucose.	**Glucose-dependent suppression** — reduces glucagon secretion when blood glucose is elevated.	**Compensatory elevation** — may increase glucagon as a secondary response to glycosuria and metabolic adaptation.	**Indirect glucoregulatory effect** — lowers hepatic glucose output without directly targeting glucagon secretion.	**No direct regulation** — does not directly affect glucagon secretion.
Effects on Fat Metabolism	**Enhanced fat-reduction effect** — supports greater reductions in adiposity and ectopic fat accumulation.	**Indirect fat-reduction effect** — reduces body fat mainly through lower food intake and sustained weight loss.	**Caloric loss effect** — promotes fat reduction through urinary glucose excretion and net energy loss.	**Metabolic regulation effect** — improves lipid metabolism through enhanced insulin sensitivity.	**Fat absorption inhibition effect** — reduces dietary fat absorption and increases fecal fat excretion.
Overall Metabolic Efficacy	**High overall efficacy** — strong effects on glycemic control and body-weight reduction.	**Proven efficacy** — effective for glycemic control and clinically meaningful weight reduction.	**Established cardiorenal-metabolic efficacy** — improves glycemic control with cardiovascular, heart-failure and renal benefits.	**Foundational antihyperglycemic efficacy** — effective first-line therapy for glycemic control and insulin sensitization.	**Moderate weight-management efficacy** — supports weight reduction through reduced fat absorption.
Cardiovascular Profile	**Potential benefit profile** — may improve cardiovascular risk through broad metabolic benefits.	**Demonstrated benefit profile** — several agents reduce major adverse cardiovascular events.	**Strong benefit profile** — reduces heart-failure hospitalization and improves cardiovascular outcomes.	**Potential risk-reduction profile** — may offer cardiovascular benefit in certain populations.	**Limited direct benefit profile** — indirect improvement mainly through weight reduction.

The diagrams below present a non-head-to-head comparison between our Company's BGM0504 and marketed and clinical-stage GLP-1 agonists for the treatment of T2DM and obesity/overweight, based on information publicly available.



* *Placebo-adjusted HbA1c reduction from baseline: BGM0504 vs reference drugs at maximum doses (non head-to-head comparison)*

Source: ClinicalTrials.gov, CIC



* *Placebo-adjusted weight loss from baseline: BGM0504 vs reference drugs at maximum doses (non head-to-head comparison)*

Source: ClinicalTrials.gov, EASD 2025, CIC

Competitive Landscape of GLP-1/GIP Dual Agonists for T2DM

There was only one GLP-1/GIP dual-target drug, tirzepatide, approved for T2DM globally and in China as of the Latest Practicable Date, as illustrated below.

FDA-approved GLP-1/GIP Dual Agonist Indicated for T2DM

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost
Tirzepatide	Mounjaro®	GLP-1/GIP	Injection	Eli Lilly(1)	2022-05-13	~USD 1,000

NMPA-approved GLP-1/GIP Dual Agonist Indicated for T2DM

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost	NRDL Status
Tirzepatide	Mounjaro® 穆峰達®	GLP-1/GIP	Injection	Eli Lilly(1)	2024-05-15	~RMB 1,300	NRDL included

Note:

(1) A U.S.-based company founded in 1876 and listed on the New York Stock Exchange (ticker symbol: LLY). The company focuses on innovative drugs in diabetes, oncology and neurological disease, with over 50,000 employees worldwide and R&D centers across eight countries as of December 31, 2025.

Source: FDA, NMPA, CIC

As of the Latest Practicable Date, there were over 10 clinical-stage GLP-1/GIP dual agonists being developed in injectable formulation for T2DM, seven of which were at Phase 3 stage or beyond, as illustrated below.

Injectable GLP-1/GIP Dual Agonists For T2DM Under Clinical Development Globally (Phase 3 or Beyond)

Drug Name	Target	Company	Phase	Indication	Administration	First Posted Date	Trial Location
HRS9531	GLP-1/GIP	Hengrui Pharmaceutical(1)	3	T2DM	Injection	2024-10-18	China
BGM0504	**GLP-1/GIP**	**Our Company**	**3**	**T2DM**	**Injection**	**2024-11-29**	**Global**
AMG 133	GLP-1/GIP	Amgen(2)	3	T2DM	Injection	2025-03-05	Global
VK2735	GLP-1/GIP	Viking Therapeutics(3)	3	T2DM	Injection	2025-08-05	Global, ex-China
RAY1225	GLP-1/GIP	Raynovent(4)	3	T2DM	Injection	2025-08-08	China
HS-20094	GLP-1/GIP	Hansoh Pharmaceutical(5)	3	T2DM	Injection	2025-08-28	China
HDM1005	GLP-1/GIP	Zhongmei Huadong Pharmaceutical(6)	3	T2DM	Injection	2026-02-03	China

Notes:

(1) A China-based company founded in 1970 and listed on the Shanghai Stock Exchange (stock code: 600276) and the Stock Exchange (stock code: 1276). The company focuses on innovative drugs in oncology, metabolic and cardiovascular diseases, immunology and respiratory diseases, as well as neuroscience, with over 20,000 employees and approximately 15 R&D centers globally as of December 31, 2025.

(2) A U.S.-based company founded in 1980 and listed on NASDAQ (ticker symbol: AMGN). The company focuses on innovative drugs in oncology, autoimmune diseases, cardiovascular diseases, kidney disorders, inflammation, and rare diseases, with over 23,000 employees as of December 31, 2025 and an extensive global network for research, development, and manufacturing.

(3) A U.S.-based company founded in 2012 and listed on NASDAQ (ticker symbol: VKTX). The company focuses on the development of innovative small molecules and biologics, primarily targeting metabolic and endocrine diseases, with over 50 employees as of December 31, 2025.

(4) A China-based company founded in 2018. The company focuses on innovative drugs in the respiratory and metabolic diseases, with over 50 employees as of December 31, 2025. It is a subsidiary of Zhongsheng Pharmaceutical, a company listed on the Shenzhen Stock Exchange (stock code: 002317).

(5) A China-based company founded in 1995 and listed on the Stock Exchange (stock code: 3692). The company focuses on oncology, anti-infectives, CNS diseases, metabolic diseases, and cardiovascular diseases, with over 10,000 employees and four R&D centers established in China and the U.S. as of December 31, 2025.

(6) A China-based company founded in 1992. The company focuses on innovative drugs in transplant immunology, endocrinology, oncology, and metabolic diseases, with over 1,900 employees as of December 31, 2025. It is a subsidiary of Huadong Medicine, a company listed on the Shenzhen Stock Exchange (stock code: 000963).

Source: ClinicalTrials.gov, CDE, CIC

Competitive Landscape of GLP-1/GIP Dual Agonists for Obesity/Overweight

There was only one GLP-1/GIP dual agonist, tirzepatide, approved for obesity/overweight globally and in China as of the Latest Practicable Date, as illustrated below.

FDA-approved GLP-1/GIP Dual Agonist Indicated for Obesity/Overweight

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost
Tirzepatide	Zepbound®	GLP-1/GIP	Injection	Eli Lilly	2023-11-08	~USD 1,000

NMPA-approved GLP-1/GIP Dual Agonist Indicated for Obesity/Overweight

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost	NRDL Status
Tirzepatide	Mounjaro® 穆峰達®	GLP-1/GIP	Injection	Eli Lilly	2024-07-23	~RMB 1,300	Not included

Source: FDA, NMPA, CIC

As of the Latest Practicable Date, there were over 20 clinical-stage GLP-1/GIP dual agonists being developed for obesity/overweight, eight of which were at Phase 3 stage or beyond, as illustrated below.

GLP-1/GIP Dual Agonists For Obesity/Overweight Under Clinical Development Globally (Phase 3 or Beyond)

Drug Name	Target	Company	Phase	Indications	Administration	First Posted Date	Trial Location
HRS9531	GLP-1/GIP	Hengrui Pharmaceutical	NDA submitted	Obesity/overweight	Injection	2025-09-02	China
	GLP-1/GIP		2	Obesity/overweight	Oral	2024-05-30	China
BGM0504	**GLP-1/GIP**	**Our Company**	**3**	**Obesity/overweight**	**Injection**	**2024-10-31**	**Global**
			1	**Obesity/overweight**	**Oral**	**2025-09-17**	**Global**
HS-20094	GLP-1/GIP	Hansoh Pharmaceutical	3	Obesity/overweight	Injection	2024-10-31	China
AMG 133	GLP-1/GIP	Amgen	3	Obesity/overweight	Injection	2025-03-05	Global
RAY1225	GLP-1/GIP	Raynovent	3	Obesity/overweight	Injection	2025-06-18	China
VK2735	GLP-1/GIP	Viking Therapeutics	3	Obesity/overweight	Injection	2025-08-05	Global, ex-China
			2	Obesity/overweight	Oral	2025-02-14	US
HDM1005	GLP-1/GIP	Zhongmei Huadong Pharmaceutical	3	Overweight/obesity	Injection	2025-09-24	China
KAI-9531 (HRS9531)	GLP-1/GIP	Kailera Therapeutics	3	Overweight/obesity	Injection	2025-12-16	Global, ex-China
RO7795068	GLP-1/GIP	Roche	3	Overweight/obesity	Injection	2026-01-20	Global

Source: ClinicalTrials.gov, CDE, CIC

Market Opportunities for Oral GLP-1 Receptor Agonists

Despite the clinical success, currently approved GLP-1 receptor agonists face limitations, including low bioavailability, high pill burden, and reduced efficacy versus injectable forms, which creates substantial opportunities for next-generation oral dosage forms.

Enhancing Oral Bioavailability: Peptide therapeutics like GLP-1 receptor agonists face structural and physiological barriers of the gastrointestinal tract — specifically, extensive degradation by stomach acids and proteolytic enzymes, as well as poor permeability across the gastrointestinal mucosa. Innovative formulation technologies and delivery systems could significantly improve absorption rates, creating competitive advantages for new entrants.

Expanding Market Access: Non-invasive oral medications capitalize on strong patient preference. With up to 40% of patients discontinuing injectable GLP-1s due to injection fatigue or needle fear, oral alternatives are uniquely positioned to improve adherence and capture a vast underserved market.

Overview of Amylin Analogs

Amylin (or islet amyloid polypeptide, IAPP) is a 37-amino-acid neuroendocrine peptide hormone that is synthesized, stored, and co-secreted with insulin by pancreatic β-cells in response to nutrient intake, regulating both blood glucose and body weight. It improves glycemic control by suppressing postprandial glucagon secretion, which in turn reduces glucagon-driven glucose production in the liver through both gluconeogenesis and glycogenolysis. Simultaneously, amylin drives weight loss by promoting satiety and modulating the brain's mesocorticolimbic reward system to reduce impulsive eating and overall caloric intake.

Amylin analogs represent a distinct therapeutic class that offers unique advantages in the treatment of diabetes and obesity/overweight, particularly when used in combination with GLP-1 receptor agonists. Notably, these analogs demonstrate improved gastrointestinal tolerability,

presenting lower incidence and severity of gastrointestinal side effects — such as nausea and vomiting — especially when dosage is gradually increased. Furthermore, amylin-mediated weight loss minimizes lean muscle loss, yielding superior body composition by preferentially targeting fat mass and avoiding the metabolic compromises of simple calorie restriction.

Currently, no long-acting amylin analogs have been approved globally. As of the Latest Practicable Date, there were over 15 clinical-stage long-acting amylin analog candidates for obesity/overweight.

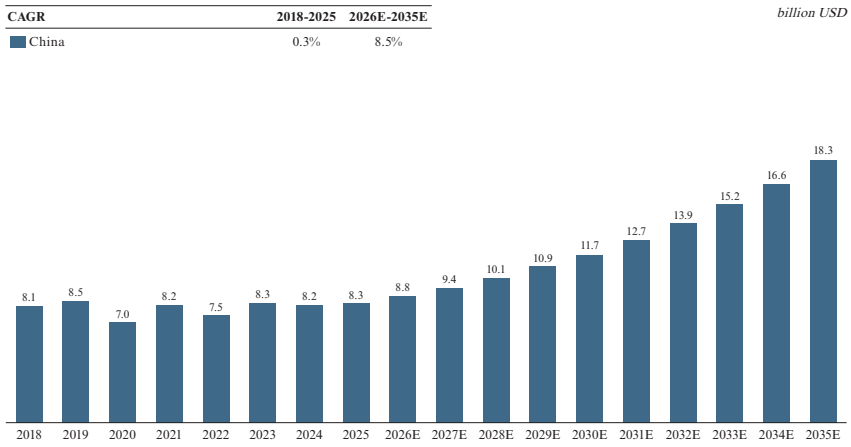
OVERVIEW OF THE RESPIRATORY DISEASE MARKET IN CHINA

Respiratory diseases are conditions that affect the lungs and other parts of the respiratory system, impacting the ability to breathe. Respiratory diseases can manifest with various symptoms, including coughing, shortness of breath, wheezing, chest pain, and fatigue. Common respiratory diseases include asthma, chronic obstructive pulmonary disease (COPD), and pneumonia.

Market Size of Respiratory Disease Drug

Fueled by the high prevalence of respiratory conditions, an aging population, and rising exposure to environmental pollutants, China's respiratory disease drug market reached US$8.3 billion in 2025 and is projected to rise to US$18.3 billion in 2035, reflecting a CAGR of 8.5%. The chart below shows the market size of respiratory disease drugs market in China.

Market Size of Respiratory Disease Drugs in China, 2018–2035E



Source: National Bureau of Statistics of China, CIC

Overview of Respiratory Inhalation Product Market

Inhalation products are often describe as drug-device combinations and refer to dosage forms designed for the direct application of drugs into the lungs, primarily used for treating respiratory diseases like asthma and COPD, which minimizes systemic side effects. Compared to injections,

inhalation products are easier for patients to use. Compared to oral forms, they act directly on the lungs and avoid metabolism during initial absorption in the digestive system, which can reduce drug efficacy. The following chart illustrates the key differentiating features of inhalation products:

Comparison Between Inhalation Products and Other Administration Routes

Item	Inhalation	Oral	Injection
Ease of Use	Moderate, requires coordination between actuation and inhalation	Simple	Difficult for patients to self-administer
Application	Suitable for both hospital and home use	Mostly used at home	Primarily used in hospitals
Dosage	Relatively small	Relatively large	Relatively small
Targeting	Acts directly on the lungs with high targeting specificity	Metabolized through the digestive system, reducing efficacy	Enters systemic circulation, with higher risk of side effects
Onset of Action	Rapid	Slow	Rapid

Source: Herald of Medicine, NMPA, CIC

Classification of Inhalation Products

Each inhalant type offers distinct features and is suitable for different patients group. The following chart presents the comparison between different types of inhalants:

	Type	Key features	Drug absorption rate	Portability	Ease of use	Application
	Nebulizers (NEBs)	• NEB refers to liquid formulations that generate a continuous supply of aerosol for inhalation via a nebulizer, including inhalation solutions, suspensions, and powders.	◕	◔	◔	Suitable for all age groups, including infants and young children and individuals who are unable to use MDIs or DPIs effectively, such as severe condition.
	Dry powder inhalers (DPIs)	• DPI is a medication delivery method where one or more drugs in dry powder form are delivered into the respiratory system using a specialized inhaler device to achieve either local or systemic therapeutic effects.	◑	◕	◕	Mostly used by adolescents and adults.
	Metered-dose inhalers (MDIs)	• MDI refers to formulations in which the drug, excipients, and propellant are filled together in a pressurized container equipped with a metering valve. By pressing the valve, the medication and propellant are released as an aerosol spray under pressure for pulmonary inhalation.	◑	◕	◕	Mostly used by children, adolescents, and adults.
	Soft mist inhalers (SMIs)	• SMIs deliver medication as a slow-moving, fine mist and are less dependent on the patient's inhalation flow rate for effective drug delivery.	◑	◕	◑	Suitable for various age groups, including individuals who may have difficulty with the coordination required for MDIs.

Source: Pharmacopoeia of the People's Republic of China, CIC

Manufacturing Challenges in Inhalation Products

Manufacturing inhalation products presents substantial technical challenges, primarily including: (i) complex formulation processes, requiring precisely controlled API-to-excipient ratios and drug particle sizes to ensure stability and delivery uniformity, while specifically optimizing pulmonary deposition efficiency for powder-based products; and (ii) complicated device design aligned with formulation characteristics, demanding precise filling technology and tight control over components to ensure consistent dosing and reproducible aerodynamic particle size distribution.

Entry Barriers to Respiratory Inhalation Product Market

The respiratory inhalation product market presents substantial entry barriers, including: (i) formidable technical hurdles, demanding complex drug-device integration and cross-disciplinary collaboration across drug-device compatibility, formulation design, and inhaler engineering, alongside precise filling techniques and complex spray mechanisms; (ii) significant capital

investment for highly specialized infrastructure and technical expertise to establish cGMP-compliant manufacturing lines; and (iii) stringent regulatory pathways, as CDE guidelines mandate rigorous *in vivo* bioequivalence (both PK-BE and PD-BE) or clinical studies, alongside complex drug-device combination filings.

Growth Drivers and Future Trends of Respiratory Inhalation Product Market

The respiratory inhalation product market is propelled by several key growth drivers and future trends, primarily including: (i) expanding clinical demand, driven by the rising global prevalence of chronic respiratory diseases linked to urbanization and industrial development, alongside the proven therapeutic efficacy of inhalation products in the long-term management; (ii) accelerating domestic substitution, fueled by enhanced local R&D capabilities and originator patent expirations; and (iii) product and device diversification, marked by a strategic shift from traditional nebulizers toward DPIs and MDIs, alongside tailored device designs that accommodate varying patient physiologies to optimize treatment compliance. Furthermore, the market is significantly fueled by favorable government policies prioritizing the development of complex inhalation dosage forms, alongside the integration of COPD into public health programs to enhance treatment accessibility. Specifically, national initiatives, such as the "14th Five-Year Plan" and National Major Science and Technology Projects Policy, strongly support the R&D and industrial advancement of respiratory disease treatments. Additionally, the fifth, seventh, and ninth batches of the National Centralized Drug Procurement have successively included five inhalation formulations, further accelerating market penetration and improving patient affordability.

Overview of COPD

COPD is a common respiratory disease characterized by persistent symptoms and airflow limitation due to airway and/or alveolar abnormalities usually caused by significant exposure to noxious particles or gases. Host factors, including abnormal lung development, also influence diseases progression. The main risk factor for COPD is tobacco smoking but other environmental exposures such as biomass fuel exposure and air pollution contribute significantly to disease burden. The population of COPD patients in China increased from 109.7 million in 2018 to 124.2 million in 2025, and is expected to increase to 145.2 million in 2035 at a CAGR of 1.6% from 2026 to 2035.

Treatment Paradigm for COPD

COPD severity is generally categorized into three levels. For patients with mild symptoms, bronchodilators are the medications that relax airway smooth muscle, which are used to relieve symptoms. In cases of moderate to very severe COPD, a combination of inhaled corticosteroids (ICS) and long-acting beta agonists (LABA) is more effective than monotherapy in enhancing lung

function, improving overall health status, and reducing the frequency of acute exacerbations. Triple therapy offers even greater benefits by further relieving symptoms and lowering the risk of exacerbations. The chart below outlines the treatment paradigm for COPD:

First-line treatment for COPD: Bronchodilator			
Treatment	**Mechanism**	**Adverse effects**	**Duration of action**
$Beta_2$ agonists	• The principal action of beta2 agonists is to relax airway smooth muscle by stimulating beta2 adrenergic receptors, which increases cyclic AMP and produces functional antagonism to bronchoconstriction	• Can produce resting sinus tachycardia and has the potential to precipitate cardiac rhythm disturbances in susceptible patients	Short-acting: 4-6 hours (SABA) Long-acting: 12-24 hours (LABA)
Anti-muscarinic drugs	• Anti-muscarinic drugs block the bronchoconstrictor effects of acetylcholine on M3 muscarinic receptors expressed in airway smooth muscle • **Current first line treatment for COPD**	• Dryness of mouth	Short-acting: 4-6 hours (SAMA) Long-acting: 12-24 hours (LAMA)
Methylxanthines	• Controversy remains about the exact effects of xanthine derivatives. They may act as non-selective phosphodiesterase inhibitor	• Toxicity is dose-related. Most of the benefit occurs only when near-toxic doses are given	Variable, up to 24 hours
Anti-inflammatory agents			
Treatment	**Mechanism**	**Adverse effects**	**Duration of action**
Inhaled corticosteroids (ICS)	• It can inhibit the release of inflammatory mediators, enhance the response of beta receptor of smooth muscle cells, etc.	• ICS use is associated with higher prevalence of oral candidiasis, hoarse voice and pneumonia	/
Phosphodiesterase-4 (PDE4) inhibitors	• The principal action of PDE4 inhibitors is to reduce inflammation by inhibiting the breakdown of intracellular cyclic AMP	• Diarrhea, nausea, reduced appetite, weight loss, abdominal pain, sleep disturbance and headache	24 hours

Note: LABA: Long-acting beta agonists, LAMA: Long-acting muscarinic antagonists

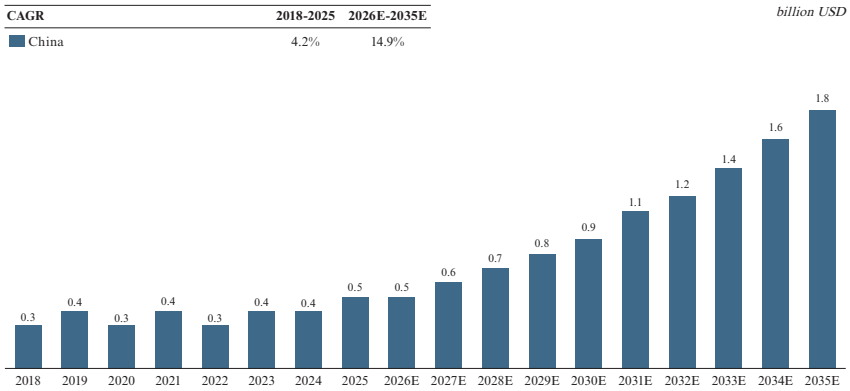
Source: *Chinese Guideline for Management of Chronic Obstructive Pulmonary Disease in Primary Care (2024), 2025 Global Initiative for Chronic Obstructive Lung Disease, CIC*

Major therapeutic gaps remain in addressing COPD clinical needs, including: (i) the lack of breakthrough therapies, as traditional small-molecule combinations fail to adequately prevent acute exacerbations — approximately 50% of patients still experiencing exacerbations despite receiving triple therapy; (ii) suboptimal patient adherence during long-term maintenance, driven by complex device operation, frequent dosing requirements, and adverse effects; and (iii) limited treatment options for severe disease stages, where existing single-target agents — such as LAMA or LABA — exhibit insufficient efficacy and cannot reverse lung function decline.

Market Size of COPD Drugs

The COPD market in China grew from US$0.3 billion in 2018 to US$0.5 billion in 2025, reflecting a CAGR of 4.2%, and is expected to reach US$1.8 billion in 2035, representing a CAGR of 14.9% from 2026 to 2035, driven by several key factors, including (i) the rising patient population associated with aging, smoking, and environmental pollution, (ii) accurate diagnosis stemming from improved public awareness and medical infrastructure, and (iii) the introduction of innovative therapies, such as inhalation formulations, biologics and small-molecule drugs, that enhance clinical efficacy and patient adherence.

Market Size of COPD Drugs in China, 2018–2035E



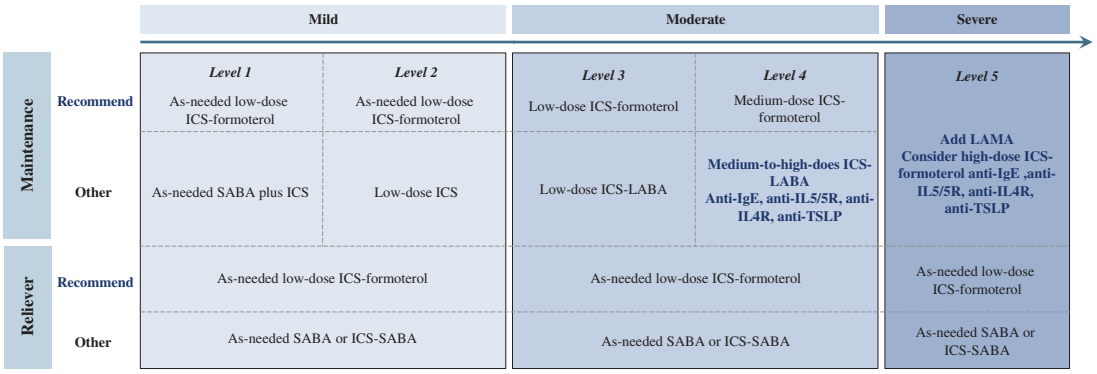
Source: *Chin J Gen Pract, CIC*

Overview of Asthma

Asthma is a chronic lung disease affecting people of all ages. It is caused by inflammation and muscle tightening around the airways, which makes it harder to breathe. Symptoms can include coughing, wheezing, shortness of breath and chest tightness. The population of asthma patients in China increased from 53.9 million in 2018 to 59.2 million in 2025, and is expected to increase to 66.9 million in 2035 at a CAGR of 1.2% from 2026 to 2035.

Treatment Paradigm for Asthma

The primary goal of asthma treatment is to achieve effective symptom control, maintain normal levels of physical activity, and minimize the risks of acute exacerbations, mortality, irreversible lung function impairment, and drug-related adverse effects. Asthma medications are generally classified into two categories: maintenance medications, which manage underlying inflammation and prevent symptoms, and reliever medications, which provide rapid symptom relief during acute episodes. The chart below outlines the treatment paradigm for asthma:



Note: LABA: Long-acting beta agonists, SABA: Short-acting beta agonists, LAMA: Long-acting muscarinic antagonists, ICS: Inhaled Corticosteroids

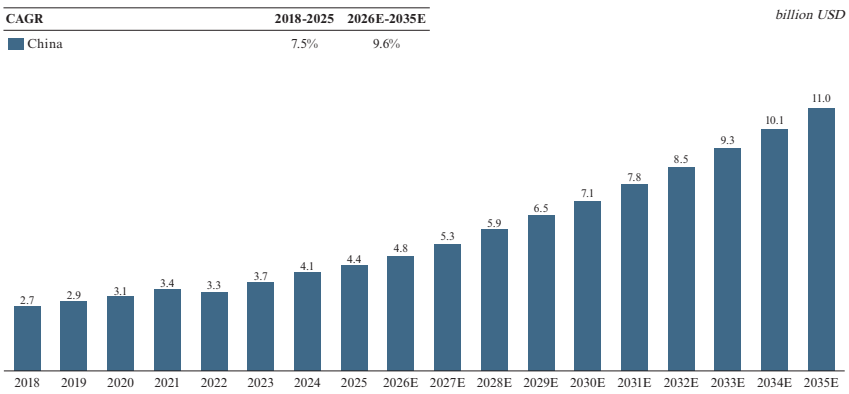
Source: Guidelines for Bronchial Asthma Prevent and Management (2024 edition), CIC

Major therapeutic gaps remain in addressing the unmet needs of asthma patients, including: (i) limited symptom control in severe patients, especially asthma patients who continue to suffer from frequent exacerbations and diminished quality of life despite receiving standard therapies; and (ii) the lack of personalized treatment strategies, as current approaches rely on general disease characteristics rather than individual patient profiles, resulting in suboptimal clinical outcomes.

Market Size of Asthma Drugs

The asthma drug market in China grew from US$2.7 billion in 2018 to US$4.4 billion in 2025, reflecting a CAGR of 7.5%, and is expected to reach US$11.0 billion in 2035, representing a CAGR of 9.6% from 2026 to 2035, driven by the anticipated approvals of innovative drugs.

Market Size of Asthma Drugs in China, 2018–2035E



Source: Guidelines for Bronchial Asthma Prevent and Management (2024 edition), CIC

REPORT COMMISSIONED BY CIC

In connection with the [REDACTED], we have engaged CIC to conduct a detailed analysis and prepare an industry report on the major markets for which our drug candidates are positioned. CIC is an independent global market research and consulting company that provides market research on a variety of industries including biotechnology. We have agreed to pay CIC a total fee of RMB1.11 million for the preparation of the CIC Report, and we believe that such fees are consistent with the market rate. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the CIC Report. Except for the CIC Report, we did not commission any other industry report in connection with the [REDACTED].

The market projections in the CIC 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 global and China's economic and industrial development 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 CIC Report may be affected by the accuracy of the foregoing key assumptions.