CONNECTED TRANSACTIONS

OVERVIEW

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon **[REDACTED]**. Such transactions will continue after the **[REDACTED]** and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

The following entities will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon **[REDACTED]** and have entered into certain transactions with us which will constitute continuing connected transactions under Chapter 14A of the Listing Rules:

Connected Persons	Connected Relationship
Sino Biological Inc. (北京義翹神州科技股份有限公司) (together with its subsidiaries, " **Sino Biological**")	A company listed on the Shenzhen Stock Exchange (stock code: 301047) and owned by Lhasa Ailike (a company wholly owned by Dr. Xie) as to 53.55% and Dr. Xie as to 2.25%

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transactions	Counterparties	Applicable Listing Rules	Waiver Sought
Non-exempt continuing connected transactions			
Procurement of products and services	Sino Biological	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Announcement requirement

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Procurement of products and services from Sino Biological

Parties

Sino Biological

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of products and services framework agreement with Sino Biological Inc. (for itself and on behalf of its subsidiaries) on [•] (the "**Procurement Framework Agreement**"), pursuant to which our Group may from time to time procure from Sino Biological (i) research reagents to be applied in the R&D process of our products, and (ii) CRO services to support our preclinical and clinical studies from time to time. The initial term of the Procurement Framework Agreement shall commence on the **[REDACTED]** until [December 31, 2028], subject to renewal by mutual consent.

Pricing terms

The pricing for the procurement of the relevant products and services shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness and be generally in line with or better than the prices charged to Independent Third Parties for similar products or services, with reference to the type and specification of products/services required, the timing and quality requirements for the relevant products/services, the relevant labour costs and costs of products/services, and the prevailing market price of similar products/services.

Reasons for the transactions

Sino Biological is primarily engaged in the manufacturing and sales of research reagents, and provision of CRO services, which our Group has been procuring from time to time to support the R&D of our products in our ordinary and usual business. Through the long-standing relationship, Sino Biological has gained a comprehensive understanding of our business needs, quality standards and operational requirements. We believe that Sino Biological is capable of fulfilling our demand efficiently and reliably with a stable and high-quality supply of products and services, and entering into the agreement to procure products and services from Sino Biological would minimize disruption to our Group's operation and internal procedures.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB million)	
Procurement of products and services from Sino Biological	12.2	19.5	19.8

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Procurement Framework Agreement for the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB million)	
Procurement of products and services from Sino Biological	30.0	30.0	30.0

The above proposed annual caps of procurement of products and services from Sino Biological are determined with reference to:

(a) the historical transaction amounts and the growing trend during the Track Record Period;

(b) the estimated demands for the products and services offered by Sino Biological for the three years ending [December 31, 2028], which are expected to increase to meet increasing needs of our R&D process and further business development; and

(c) the estimated product prices to be charged by Sino Biological, with reference to the price level during the Track Record Period, taking into account the relevant cost.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed "— Non-exempt continuing connected transactions subject to reporting, annual review and announcement requirements" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules (as the case may be).

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that compliance with the announcement would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], pursuant to Rule 14A.105 of the Listing Rules, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to reporting, annual review and announcement requirements" in this section in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). The independent non-executive Directors and auditors of the Company will review whether the transactions under the above non-exempt continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant information and historical transaction amounts prepared and provided by the Company relating to the non-exempt continuing connected transactions as disclosed in this section, obtained necessary representations and confirmations from the Company and its Directors, and participated in due diligence with the management of the Company. Based on the above and having taken into account the view of the Directors, the Sole Sponsor is of the view that the non-exempt continuing connected transactions as disclosed in this section for which waivers have been sought, have been and will be carried out in the ordinary and usual course of business of the Company and on normal commercial terms or better, are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

(a) We have adopted a connected transactions management policy for the purpose of ensuring that connected transactions of our Group will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

(b) We have put in place a series of internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules; and

(c) Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Hong Kong Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.