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Application Proof of

PrimeGenX Therapeutics Co., Ltd.
北京普祺醫藥科技股份有限公司

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

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PrimeGenX Therapeutics Co., Ltd.
北京普祺醫藥科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB0.5 per H Share**
Stock code	**:**	**[●]**

***Joint Sponsors,* [REDACTED], [REDACTED], [REDACTED] *and* [REDACTED]**

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民銀資本 CMBC CAPITAL HOLDINGS LIMITED

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**]. *In particular, we are a biotechnology company seeking a* [**REDACTED**] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules.*

There are unique challenges, risks and uncertainties associated with [**REDACTED**] *in companies such as ours.* ***In addition, our Core Product is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide, and we may continue to incur substantial costs and expenses in relation to R&D activities for our Core Product, and our pipeline products including our Core Product may not be successfully developed or marketed****. Your* [**REDACTED**] *decision should be made in light of these considerations.*

OVERVIEW

Founded in 2016, we are a biotech company focusing on the treatment of immune-inflammation diseases with locally-delivered targeted therapies. We specialize in chronic inflammatory disease treatment, aiming to provide comprehensive solutions that achieve efficacy, safety and long-term patient satisfaction.

Our portfolio of product candidates comprise of self-developed small molecule drugs, including our Core Product PG-011 (Pumecitinib), as well as three other innovative drug candidates and five generic drug candidates. Our late-stage Core Product PG-011 (Pumecitinib) is a small molecule JAK1/2 inhibitor, and is being developed in two dosage forms, namely Pumecitinib gel for mild-to-moderate atopic dermatitis and Pumecitinib nasal spray for moderate-to-severe allergic rhinitis as lead indications. Our other proprietary drug candidates include PG-033 tablets for pruritus, PG-018 tablets for autoimmune kidney diseases, PG-040 ophthalmic solution for glaucoma, as well as five generic drug candidates targeting multiple chronic inflammatory diseases.

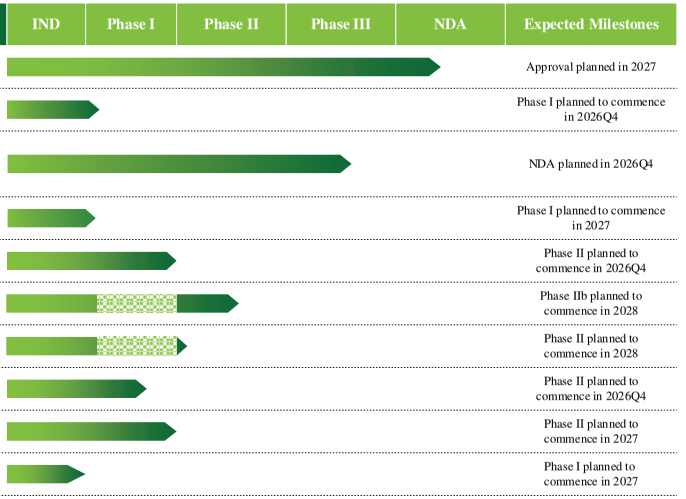
THERE IS NO ASSURANCE THAT WE WILL ULTIMATELY BE ABLE TO DEVELOP AND MARKET OUR CORE PRODUCT OR ANY OF OUR PIPELINE PRODUCTS SUCCESSFULLY.

Our Product Pipeline

As of the Latest Practicable Date, our product pipeline comprised four proprietary drug candidates covering 10 indications, as well as five generic drug candidates targeting multiple chronic inflammatory diseases, all of which are self-developed.

The following chart illustrates our drug pipeline and summarizes the development status of our clinical-stage drug candidates as of the Latest Practicable Date:

Pipeline	Origin	Target(s) and Classification	Indication(s)	Dosage Form	Clinical Regimen	Commercial Rights	Competent Authority	R&D/Commercial Partner	Expected Milestones
PG-011★ (Pumecitinib)	Self-Developed	JAK1/2 inhibitor (small molecule)	mild-to-moderate AD (adults, adolescents aged 12 to 17)	Gel	Monotherapy	Global[4]	NMPA	Hospitals, CRO, SMO, CMO	Approval planned in 2027
			mild-to-moderate AD (children aged two to 11)	Gel	Monotherapy	Global[4]	NMPA	CRO	Phase I planned to commence in 2026Q4
			moderate-to-severe SAR (adults)	Nasal Spray	Monotherapy	Global[5]	NMPA	Hospitals, CRO, SMO, CMO, Commercial Cooperation Organizations	NDA planned in 2026Q4
			moderate-to-severe SAR (adolescents aged 12 to 17)	Nasal Spray	Monotherapy	Global[5]	NMPA	/	Phase I planned to commence in 2027
			PAR (adults)	Nasal Spray	Monotherapy	Global[5]	NMPA	Hospitals, CRO, SMO, CMO	Phase II planned to commence in 2026Q4
			PN[1]	Gel	Monotherapy	Global[4]	NMPA	Hospitals, CRO, SMO, CMO	Phase IIb planned to commence in 2028
			NSV[2]	Gel II[3]	Monotherapy	Global	NMPA	Hospitals, CRO, CMO	Phase II planned to commence in 2028
PG-033	Self-Developed	TRPV3 inhibitor (small molecule)	Pruritus (China)	Tablet	Monotherapy	Global	NMPA	Hospitals, SMO, CMO	Phase II planned to commence in 2026Q4
PG-018	Self-Developed	JAK/ROCK inhibitor (small molecule)	Membranous Nephropathy	Tablet	Monotherapy	Global	NMPA	Hospitals, SMO, CMO	Phase II planned to commence in 2027
PG-040	Self-Developed	ROCK/JAK inhibitor (small molecule)	Glaucoma	Eyedrop	Monotherapy	Global	NMPA	CRO, CMO	Phase I planned to commence in 2027



Abbreviations: JAK: Janus kinase; ROCK: Rho-associated coiled-coil containing protein kinase; TRPV3: transient receptor potential vanilloid 3; AD: atopic dermatitis; SAR: seasonal allergic rhinitis; PAR: perennial allergic rhinitis; PN: prurigo nodosa; NSV: non-segmental vitiligo

★ = Core Product

(1) We completed a Phase I clinical trial of Pumecitinib gel for atopic dermatitis in November 2020, which proved the safety of Pumecitinib gel and laid the foundation for the clinical development of Pumecitinib for other indications, including prurigo nodosa. Based on the result of such Phase I clinical trial, we have received the IND approval for Phase II clinical trial for Pumecitinib gel for the indication of prurigo nodosa, with no additional Phase I clinical trial required.

(2) We completed a Phase I clinical trial of Pumecitinib gel (II) for atopic dermatitis in January 2024, which proved the safety of Pumecitinib gel (II) and laid the foundation for the clinical development of Pumecitinib for other indications, including NSV. Based on the result of such Phase I clinical trial, we have received the IND approval for Phase II clinical trial for Pumecitinib gel (II) for the indication of non-segmental vitiligo, with no additional Phase I clinical trial required.

(3) Represents a different formulation composition for Pumecitinib gel, which can further improve the transdermal permeation of the drug.

(4) We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib gel with Jiangsu Simcere Pharmaceutical Co., Ltd. For details, see "Business — Major Collaboration and Licensing Agreements."

(5) We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib nasal spray with Jumpcan Pharmaceutical Group Limited. For details, see "Business — Major Collaboration and Licensing Agreements."

Our Core Product: PG-011 (Pumecitinib) — a JAK1/JAK2 Inhibitor designed for topical use

PG-011 (Pumecitinib) is a small molecule inhibitor targeting JAK1/JAK2, specifically designed to be suitable for topical use. As of the Latest Practicable Date, we had completed a Phase IIb/III clinical trial of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17. We submitted the NDA of Pumecitinib gel for such indication and was accepted by the NMPA in February 2026. We also completed the final dosing in a Phase IIb/III clinical trial of Pumecitinib nasal spray for moderate-to-severe SAR, and we are also actively exploring indication expansions for Pumecitinib, including PAR, prurigo nodularis and non-segmental vitiligo.

Pumecitinib gel: potentially the first JAK inhibitor gel for the treatment of atopic dermatitis

Pumecitinib gel can achieve comprehensive anti-inflammation effects to treat the symptoms of atopic dermatitis, while ensuring safety, long-term tolerance and patient compliance. It can address the medical needs arising from insufficient efficacy and undesirable adverse reactions of traditional topical drugs, significant systemic side effects of oral JAK inhibitors associated with high blood drug concentration, and greasiness of currently approved ointments.

Addressable market and competitive landscape: Atopic dermatitis is a recurring chronic inflammatory skin disease that needs long-term management. Currently, there are more than 74 million atopic dermatitis patients in China, of which over 90% are mild-to-moderate cases, with a relatively high proportion being pediatric patients. According to Frost & Sullivan, the market size for atopic dermatitis drugs in China was RMB13.2 billion in 2025, and is projected to reach RMB25.4 billion by 2028 and RMB48.4 billion by 2033. As of the Latest Practicable Date, three oral JAK1 inhibitors had obtained NMPA approval for treating moderate-to-severe atopic dermatitis in China, and 22 JAK inhibitor candidates for the treatment of atopic dermatitis were in clinical stages in China, of which 3 candidates are under NDA and 8 are in the Phase III clinical stage.

As potentially the first topical JAK inhibitor gel for treatment of atopic dermatitis upon approval, Pumecitinib gel demonstrates good efficacy in adult and adolescent mild-to-moderate atopic dermatitis patients. Compared with similar products under development in China, Pumecitinib gel shows promising results in all key efficacy endpoints. Based on clinical trial results, Pumecitinib gel is expected to achieve desirable efficacy level with relatively low systemic exposure, rendering it a suitable option for long-term maintenance treatment of chronic diseases such as atopic dermatitis.

Given Pumecitinib gel's advantages of the lower systemic absorption and skin-friendliness, its clinical application could be expanded to pediatric populations that require higher safety standards due to their thinner, more sensitive and delicate skin. We are currently planning to commence the Phase I clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in children aged two to 11 years.

Pumecitinib nasal spray: potentially the first JAK inhibitor nasal spray for the treatment of seasonal allergic rhinitis

Pumecitinib nasal spray is potentially the first JAK inhibitor nasal spray for the treatment of SAR upon approval. The localized-delivery of JAK inhibitor enabled by nasal spray device offers a new treatment of allergic rhinitis. It is capable of simultaneously controlling nasal and ocular allergic symptoms, delivering a strong relief of symptoms while alleviating the side effects associated with systemic medications and/or localized application of hormones.

Addressable market and competitive landscape: There are currently approximately 248 million patients with allergic rhinitis in China. According to Frost & Sullivan, the market size for allergic rhinitis drugs in China was RMB5.3 billion in 2025, and is projected to reach RMB10.0 billion by 2028 and RMB23.6 billion by 2033. Currently, drugs approved for allergic rhinitis in

China include antihistamines, corticosteroids, leukotriene receptor antagonists and various intranasal preparations. As of the Latest Practicable Date, there were 25 drug candidates for allergic rhinitis in China, with Pumecitinib nasal spray being the only JAK inhibitor drug.

As potentially the first JAK inhibitor nasal spray for the treatment of SAR upon approval, Pumecitinib nasal spray pioneers a new non-steroidal treatment that simultaneously relieves both nasal and ocular symptoms. Clinical trial data show that it has the potential to provide a strong and effective treatment of allergic rhinitis, and is expected to bring a new treatment plan for the majority of rhinitis patients, including adults and adolescents.

Our Other Clinical-stage Pipeline Products

PG-033 tablets: oral small molecule TRPV3 inhibitor for treatment of pruritus

As a clinical-stage oral small molecule TRPV3 inhibitor, PG-033 is designed to block the pruritus signaling pathway and presents the potential of a new treatment plan for the common clinical symptom of pruritus (itchiness). It is designed to block pruritus signal mediated by multiple pro-inflammatory cytokines, and has demonstrated marked pruritus relief in pre-clinical studies, with the potential to benefit patients in clinical settings. In addition, PG-033 specifically inhibits the over-activation of TRPV3, which is the cause of Olmsted syndrome, a rare genetic disease.

Currently, we are advancing the Phase I clinical trial of PG-033, bringing a new treatment for pruritus patients who are not satisfied with existing therapies. It also brings hope for patients with the rare disease of Olmsted syndrome. We plan to further expand the indications for PG-033 to other types of pruritus and/or hyperkeratosis disorders.

Addressable market and competitive landscape: According to Frost & Sullivan, the number of chronic pruritus patients in China reached 262.0 million in 2024, and is expected to reach 266.8 million by 2028 and 272.7 million by 2033. As of the Latest Practicable Date, drugs approved in China for the treatment of pruritus mainly included second-generation antihistamines, most of which have been included in the centralized procurement. As of the Latest Practicable Date, there were 18 drug candidates for the treatment of pruritus in China, with PG-033 being the only TRPV3 inhibitor.

PG-018 tablets: dual-target inhibitor of JAK1 and endothelin receptor-related ROCK for treatment of autoimmune kidney diseases

PG-018 is a small molecule drug that selectively inhibits both JAK1 and endothelin receptor-related ROCK. Since there is currently no approved drug for membranous nephropathy globally, we believe PG-018 could potentially provide an effective treatment for the disease. Based on the acting mechanism of PG-018, it can also be applied to the treatment of other forms of immunological kidney diseases, such as IgA nephropathy.

Given its unique acting mechanism of targeting two pathways and high drug concentration in kidney tissue as demonstrated in pre-clinical studies, PG-018 is expected to achieve enhanced effects treating autoimmune kidney disease and offer a solution to the challenges of no approved therapy (for membranous nephropathy, for example) or insufficient efficacy with single agent therapies.

- PG-018 can inhibit abnormally activated immune function by acting on JAK1, and reduce blood pressure by acting on endothelin receptor-related ROCK. As such, it is expected to offer an effective treatment for autoimmune kidney diseases through strong synergistic effects.

- In pre-clinical studies, PG-018 has demonstrated the characteristic of kidney tissue-preferential distribution. This allows efficient accumulation of PG-018 molecules at renal lesion sites, enabling it to act more effectively on the target organ.

Currently, PG-018 is under Phase I clinical trial, and is expected to start Phase II clinical trial in 2027. It is expected to offer a new treatment option for autoimmune kidney disease patients to simultaneously inhibit abnormally activated immune function and lower blood pressure without combined medications.

Our Pre-clinical Pipeline Candidate

PG-040 ophthalmic solution: a ROCK-JAK dual-target inhibitor for treatment of glaucoma

PG-040 combines intra-ocular pressure ("**IOP**") reduction and anti-inflammation effects, thus achieving synergistic effect to better protect the optic nerve in glaucoma patients. It has potential advantages over existing glaucoma treatments, which mainly focus on IOP control while still facing challenges of progressive optic nerve damage, visual field defect and/or blindness.

We submitted an IND application of PG-040 for the treatment of glaucoma to the NMPA in May 2026. We expect to initiate a Phase I clinical trial of PG-040 in 2027.

Our Other Pre-clinical Pipeline Candidates

In addition to the clinical-stage pipeline products above, we are extending our pre-clinical pipeline to other chronic diseases such as urticaria, chronic kidney diseases, acute and chronic pain, metabolic and degenerative diseases, cardiovascular and cerebrovascular diseases, and wound healing disorders.

Our Generic Drug Pipeline Products

While actively promoting the development of innovative drugs, we also engage in generic drug research and development, building a more robust product matrix with a strategic focus on dermatological diseases through the combination of innovative and generic drugs.

Our R&D Platforms and Team

We have established and utilized a proven, integrated drug discovery and development system spanning target discovery, molecular discovery and evaluation, translational science and clinical development. Our technological capabilities include discovery of original molecular structures and new molecular entities, investigation of drug process and quality standards, as well as exploration of clinical development in all relevant stages. Our R&D platforms consist of: (i) a novel drug design and discovery platform; (ii) an immunology, inflammation and dermatology translational medicine platform; and (iii) a complex topical drug formulation innovation platform.

Our R&D team has strong expertise, deep understanding and extensive experience in drug development, spanning from biochemistry, molecular biology, structural biology, immunology, clinical medicine, pharmacology to pharmaceutical engineering. As of the Latest Practicable Date, we had 63 R&D personnel which accounted for 73.2% of our total full-time employees. Our R&D team is led by a team of distinguished scientists with extensive drug development experience, who lead our early research, clinical development, CMC, formulation development, pharmacology and toxicology studies, clinical registration, and project management. All of our core R&D personnel have extensive experience of over 15 years in the pharmaceutical industry, with expertise covering the fields of chemistry, biology, pharmacology and medicine.

For details of our R&D capabilities, platforms and team members, please refer to the paragraph headed "Business — Research and Development."

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors:

- Forward-looking layout of multiple proprietary pipeline products;
- Considerable commercialization potential of our Core Product;
- Integrated full-chain drug R&D system with comprehensive technical capabilities covering the entire drug development lifecycle;
- Proprietary core technology platforms for sustained R&D momentum; and
- Experienced leadership and high-caliber team.

OUR STRATEGIES

We intend to capitalize on our competitive strengths by pursuing the following strategies:

- Advance the development progress of our Core Product and pipeline candidates;
- Prepare commercialization layout for our Core Product and future pipeline;
- Enrich our immune-inflammatory pipeline utilizing technology platforms; and
- Recruit, cultivate and retain talents to enrich team capabilities.

COLLABORATION WITH THIRD PARTIES

We collaborate with CROs to conduct and support our pre-clinical and clinical trials in line with industry practice. We also collaborate with CDMOs (including CMOs) to manufacture our drug candidates to supply for pre-clinical studies and clinical trials. We have established a comprehensive marketing authorization holder management system and have entered into quality agreements with our contract manufacturing partners.

During the Track Record Period, we collaborated with nine CDMOs (including CMOs) and 18 key CROs for major R&D activities, including certain leading suppliers of CRO and/or CDMO services in the relevant area. Given the large number of CROs and CDMOs (including CMOs) with which we have established collaboration relationships, we believe we do not have any material reliance on any specific CRO or CDMO.

We have formulated an adaptive commercialization strategy to accelerate the market penetration of our Core Product in the foreseeable future in China upon receiving relevant marketing approval. We plan to initially collaborate with industry-recognized contract sales organizations (CSOs) with experience in selling drugs, capitalizing on their extensive sales networks and distribution channels to facilitate rapid market entry and increase market coverage for our Core Product. In the long run, as we identify favorable market opportunities, we plan to assemble a dedicated in-house sales and marketing force with extensive experience in our focused therapeutic areas. As of the Latest Practicable Date, we had entered into an exclusive cooperation agreement with Jumpcan Pharmaceutical Group Limited regarding the marketing and distribution of Pumecitinib nasal spray and an exclusive cooperation agreement with Jiangsu Simcere Pharmaceutical Co., Ltd. regarding the marketing and distribution of Pumecitinib gel, each with respect to all approved indications for the relevant product.

For further details, please refer to the paragraphs headed "Business — Research and Development — Relationship with CROs," "Business — Manufacturing & Controls — Collaboration with CDMO Partners," "Business — Commercialization," "Business — Major Collaboration and Licensing Arrangements" and "Business — Our Suppliers."

INTELLECTUAL PROPERTY

We have a global portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we held nine patents issued in China, 36 patents issued overseas (including two for which notices of allowance had been received), and 76 pending patent applications, of which two patents issued in China, nine patents issued overseas (including two for which notices of allowance had been received) and 13 pending patent applications were attributed to our Core Product PG-011 (Pumecitinib). As of the Latest Practicable Date, we had not received any material concerns or inquiries from relevant competent authorities that make us believe that any of the pending patent applications will be rejected. For further details on our intellectual property rights, please refer to the paragraph headed "Business — Intellectual Property."

OUR SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of CROs and CDMOs and we did not experience any material disputes with our suppliers. In addition, we believe that adequate alternative sources for such supplies exist, and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment.

For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2026, our purchases from our five largest suppliers for each year/period in aggregate amounted to RMB32.1 million, RMB24.9 million and RMB5.9 million, representing 30.6%, 27.1% and 19.8% of our total corresponding purchases in the respective year/period, and our purchases from the largest supplier accounted for 11.0%, 7.7% and 5.9% of our total corresponding purchases for the respective year/period. Please refer to the paragraph headed "Business — Our Suppliers."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

This summary historical data of financial information set forth below have been derived from, and should be read in conjunction with our Historical Financial Information, including the accompanying notes, set forth in Appendix I to this document, as well as the information set forth in the section headed "Financial Information." Our historical financial information was prepared in accordance with IFRS Accounting Standards.

Summary Data of Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our statements of profit or loss and other comprehensive income for the years/periods indicated.

	Year ended December 31,		Four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Other net income	11,220	36,296	860	5,998
(Impairment losses)/reversal of impairment losses on financial assets	(172)	499	(3)	(13)
General and administrative expenses	(40,753)	(46,993)	(13,110)	(27,841)
Research and development expenses	(146,207)	(128,436)	(36,252)	(54,492)
Loss from operations	**(175,912)**	**(138,634)**	**(48,505)**	**(76,348)**
Finance costs	(2,584)	(2,469)	(893)	(1,184)
Loss before taxation	**(178,496)**	**(141,103)**	**(49,398)**	**(77,532)**
Income tax	–	–	–	–
Loss for the year/period	**(178,496)**	**(141,103)**	**(49,398)**	**(77,532)**

For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our loss for the year/period was RMB178.5 million, RMB141.1 million, RMB49.4 million and RMB77.5 million, respectively, primarily due to our substantial research and development expenses and general and administrative expenses.

During the Track Record Period, our research and development expenses consisted of (i) outsourced pre-clinical and clinical study expenses; and (ii) staff costs and share-based payments. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our research and development expenses were RMB146.2 million, RMB128.4 million, RMB36.3 million and RMB54.5 million, respectively. For the same periods, our research and development expenses for the Core Product were RMB88.7 million, RMB84.0 million, RMB22.0 million and RMB38.5 million, respectively, representing 60.7%, 65.4%, 60.6% and 70.6% of our total research and development expenses for the same periods, respectively. Our research and development expenses decreased by 12.2% from RMB146.2 million in 2024 to RMB128.4 million in 2025, primarily attributable to the decrease in research and development expenses relating to the clinical trials for Pumecitinib gel in line with the conclusion of the observation period for its Phase III clinical trial (for the indication of atopic dermatitis) in 2025. Our research and development expenses increased by 50.1% from RMB36.3 million for the four months ended April 30, 2025 to RMB54.5 million for the four months ended April 30, 2026, primarily reflecting our increased share-based payment to our R&D personnel under our 2021 Share Incentive Scheme as a result of the reduction in vesting period in 2026.

During the Track Record Period, our general and administrative expenses primarily consisted of staff costs, share-based payments to our management personnel, and professional service fees relating to our proposed listing on the Beijing Stock Exchange. Our general and administrative expenses increased by 15.3% from RMB40.8 million in 2024 to RMB47.0 million in 2025, primarily reflecting the [**REDACTED**] incurred in 2025 for the [**REDACTED**]. Our general and administrative expenses increased significantly from RMB13.1 million for the four months ended April 30, 2025 to RMB27.8 million for the four months ended April 30, 2026, primarily reflecting the professional service expenses incurred in connection with the [**REDACTED**] and the accelerated vesting of shares granted to our management personnel under our 2021 Share Incentive Scheme after the shortening of the service condition in 2026.

For details of our financial position, please refer to the paragraph headed "Financial Information — Description of Key Components of Our Statements of Profit or Loss and Other Comprehensive Income" in this document.

Summary of Statements of Financial Position

The following table sets forth our statements of financial position as of the dates indicated.

	As of December 31,		As of April 30,
	2024	2025	2026
		(RMB in thousands)	
Non-current assets	19,323	36,067	36,572
Current assets	248,337	208,533	221,080
Current liabilities	113,302	146,025	161,266
Net current assets	135,035	62,508	59,814
Total assets less current liabilities	154,358	98,575	96,386
Non-current liabilities	426	61,246	103,577
Net assets/(liabilities)	153,932	37,329	(7,191)

Our net current assets decreased from RMB135.0 million as of December 31, 2024 to RMB62.5 million as of December 31, 2025, and further decreased to RMB59.8 million as of April 30, 2026, primarily reflecting the cash consumed in our operations and R&D activities in 2025. Our net assets decreased from RMB153.9 million as of December 31, 2024 to RMB37.3 million as of December 31, 2025, and further decreased to net liabilities of RMB7.2 million as of April 30, 2026, primarily due to our loss for the relevant periods.

For details of our financial position, please refer to the paragraph headed "Financial Information — Discussion of Selected Items from Our Statements of Financial Position" in this document.

Summary of Statements of Cash Flows

The following table sets forth a summary of our statements of cash flows for the year/periods indicated.

	Year ended December 31,		Four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Net cash used in operating activities	(159,518)	(94,205)	(28,804)	(9,209)
Net cash (used in)/generated from investing activities	(40,154)	48,585	49,441	(82,716)
Net cash generated from/(used in) financing activities	259,621	46,804	(21,748)	28,770
Net increase/(decrease) in cash and cash equivalents	**59,949**	**1,184**	**(1,111)**	**(63,155)**
Cash and cash equivalents at January 1	129,704	189,653	189,653	190,837
Cash and cash equivalents at December 31/April 30	**189,653**	**190,837**	**188,542**	**127,682**

We recorded net operating cash outflows during the Track Record Period, as our product candidates are yet to be approved for commercialization and, as a result, we have not generated any revenue from the sale of products while incurring significant expenditures for the development of our pipeline products. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our net cash used in operating activities was RMB159.5 million, RMB94.2 million, RMB28.8 million and RMB9.2 million, respectively. As a clinical-stage biotechnology company, we plan to improve our net operating cash outflow position through the following ways: (i) accelerating the clinical development of our drug candidates and advancing them towards commercialization in the next few years, particularly our Core Product, PG-011 (Pumecitinib); (ii) adopting comprehensive measures to effectively optimize our cost structure and control our operating expenses; (iii) closely monitoring our payables settlement, thereby enhancing working capital management and improving our cash flow position, and (iv) successfully launching the [**REDACTED**] to obtain the [**REDACTED**].

Working Capital

The Directors are of the opinion that, taking into account the financial resources available to us, including (i) our existing cash and cash equivalents, (ii) available bank facilities, and (iii) the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover 125% of our cash expenditure for at least the next 12 months following the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) capital expenditures for purchases of property and equipment and intangible assets; and (iii) principal and interest payments on lease liabilities. As of April 30, 2026, we had cash and cash equivalents of RMB127.7 million. Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**], we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**]. Assuming an average cash burn rate going forward of 1.3 times the level for the year ended December 31, 2025, we estimate that our cash and cash equivalents as of April 30, 2026 will be able to maintain our financial viability for over [**REDACTED**] months without taking into account the net proceeds from the [**REDACTED**], or, if taking into account such [**REDACTED**], over [**REDACTED**] months. Our Directors and management team will continue to monitor our working capital, cash flows, and our business development progress.

For details of our cash flows and working capital, please refer to the paragraph headed "Financial Information — Liquidity and Capital Resources" in this document.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks including those set out in the section headed "Risk Factors" in this document. 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 [**REDACTED**]. Some of the major risks that we face include:

- The regulatory approval process of the NMPA and other comparable regulatory authorities for our product candidates is lengthy and the result is unpredictable. We may not achieve favorable results for our drug candidates in clinical trials, and cannot give any assurance that any of our drug candidates currently in development will receive regulatory approval. Any failure to timely obtain these regulatory approvals could adversely affect our business prospects and profitability;

- The development process of innovative pharmaceutical products is typically lengthy, costly, and with uncertain outcome, and we may be unable to achieve the clinical development results of our drug candidates as we expect, or at all;

- We have no track record in launching and marketing drug candidates. If we are unable to further develop our marketing and sales capabilities or enter into agreements with third parties to market and sell our drug candidates, we may not be able to generate revenue from our drug candidates;

- If our competitors develop therapies that are similar, more advanced, or more effective than ours, or launch innovative products and therapies ahead of us, our financial condition and results of operations and our ability to successfully commercialize our drug candidates could be materially and adversely affected; and

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

[**REDACTED**] INVESTMENTS

To support the development and operation of our business and other general working capital of our Company, we have received multiple rounds of [**REDACTED**] Investments since our establishment. Our broad and diverse base of [**REDACTED**] include investors dedicated to investment in biotech and healthcare sectors, among which Pharmaceutical Fund and Chongqing Xianfeng are Sophisticated Investors. Please refer to the paragraph headed "History, Development and Corporate Structure — [**REDACTED**] Investments" for details of our [**REDACTED**] Investments and the identity and background of our [**REDACTED**] Investors.

PREVIOUS PRC LISTING STATUS AND PLAN

Our Shares were quoted on the NEEQ from December 7, 2022 to December 22, 2025. We submitted application for A-share listing on the Beijing Stock Exchange on June 25, 2025 and withdrew such application on October 30, 2025. Please refer to the paragraph headed "History, Development and Corporate Structure — Previous PRC Listing Status and Plan" for further details.

CONTINUING CONNECTED TRANSACTION

We have entered into certain transaction which would constitute non-exempt continuing connected transaction under Chapter 14A of the Listing Rules after the [**REDACTED**]. Further particulars about such transaction together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in "Continuing Connected Transaction" in this document.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Li was entitled to exercise the voting rights attached to approximately 43.22% of the total issued share capital of our Company, among which, (i) Mr. Li (in his personal capacity) was interested in approximately 29.16% of our total issued share capital, and (ii) controlled approximately 14.06% of the voting rights of our Company through Chifeng Qingxi and Chifeng Mingquan, which held approximately 10.41% and 3.65% of our Shares, respectively.

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), Mr. Li, directly and indirectly through Chifeng Qingxi and Chifeng Mingquan, will be entitled to exercise the voting rights attached to Shares representing approximately [**REDACTED**]% of the issued share capital of our Company. Accordingly, Mr. Li, Chifeng Qingxi and Chifeng Mingquan are our Controlling Shareholders upon [**REDACTED**].

[**REDACTED**] STATISTICS

The statistics in the following table are based on the assumptions that [**REDACTED**] H Shares will be [**REDACTED**] pursuant to the [**REDACTED**], and the [**REDACTED**] is not exercised:

	Base on the [REDACTED] of HK$[REDACTED]	**Based on the [REDACTED] of HK$[REDACTED]**
[**REDACTED**] of our Shares[(1)]	HK$[**REDACTED**]	HK$[**REDACTED**]
[**REDACTED**] of our H Shares[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted net tangible assets per Share[(3)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**].

(2) The calculation of market size of our H Shares is based on the [**REDACTED**] H Shares expected to be in issue immediately upon the completion of the [**REDACTED**], comprising [**REDACTED**] H Shares to be [**REDACTED**] under the [**REDACTED**] and [**REDACTED**] H Shares to be converted from Domestic Shares.

(3) The unaudited [**REDACTED**] adjusted net tangible assets per Share is arrived at after making the adjustments referred to in "Appendix II — Unaudited [**REDACTED**] Financial Information" and on the basis that [**REDACTED**] Shares were in issue immediately following the completion of the [**REDACTED**], without taking into account of any H Share which may be [**REDACTED**] and [**REDACTED**] upon the exercise of the [**REDACTED**].

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] expenses will be approximately HK$[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**]), which account for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in non-[**REDACTED**] fees (which consist of fees and expenses of legal advisors and our Reporting Accountants of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the [**REDACTED**] of our H Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining approximately HK$[**REDACTED**] will be expensed in our statements of profit or loss and other comprehensive income.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. We currently do not have a pre-determined dividend payout ratio or a formal dividend policy. We currently do not anticipate paying any cash dividends in the foreseeable future. [**REDACTED**] should not purchase our H Shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors that our Directors may deem relevant. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the near future. As advised by our PRC Legal Advisor, we are currently prohibited under applicable PRC laws from paying dividends to our Shareholders in light of our accumulated losses.

For details on the legal and regulatory restrictions on and factors affecting our declaration and payment of dividends, see "Financial Information — Dividends."

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range).

We currently intend to apply these [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**], or [**REDACTED**], will be allocated to the development of our Core Product, PG-011 (Pumecitinib) in the Chinese mainland;
- Approximately [**REDACTED**], or [**REDACTED**], will be allocated to the development of our other product candidates in the Chinese mainland;
- Approximately [**REDACTED**], or [**REDACTED**], will be used to further strengthen our innovation and commercialization capabilities; and
- Approximately [**REDACTED**], or [**REDACTED**], will be used for our daily operations and general corporate purposes, including working capital requirements, staff salaries, administrative expenses, marketing and business development activities and other routine operational costs.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We continued investing in the research, and development and commercialization of our drug candidates after April 30, 2026. For example, we entered into an exclusive cooperation agreement with Jiangsu Simcere Pharmaceutical Co., Ltd. regarding the marketing and distribution of Pumecitinib gel. See "Business — Major Collaboration and Licensing Arrangements — Cooperation Agreement with Simcere Pharmaceutical" for further details. We continued to utilize available sources of funds, including bank loans to support our funding needs for operations and research and development, and repaid relevant loans as they became due.

We expect that we will continue to record an increase in net losses for the year ending December 31, 2026 compared to the year of 2025, primarily because (i) we expect to incur significant research and development expenses as we continue to advance and expand our pipeline and enhance our technology platforms; and (ii) we expect to incur [**REDACTED**] expenses in connection with our proposed [**REDACTED**].

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document and except as disclosed in this document, there has been no material adverse change in our financial or trading position or prospects since April 30, 2026 (being the end date of the period reported on in the Accountants' Report set out in Appendix I to this document) and there has been no event since April 30, 2026 that would materially affect the Accountants' Report as set out in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Accountants' Report"	the accountants' report on the historical financial information of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council (會計和財務匯報局)
"Articles" or "Articles of Association"	the Articles of Association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix V
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CAGR"	compound annual growth rate

[**REDACTED**]

"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"Chifeng Mingquan"	Chifeng Mingquan Enterprise Management Center (Limited Partnership)* (赤峰名泉企業管理中心(有限合夥)), a limited partnership established in the PRC on March 17, 2022, one of our employee incentive platforms and one of the Controlling shareholders of the Company

"Chifeng Qingxi"	Chifeng Qingxi Enterprise Management Center (Limited Partnership)* (赤峰清溪企業管理中心(有限合夥)), a limited partnership established in the PRC on March 12, 2020, one of our employee incentive platforms and one of the Controlling shareholders of the Company
"Chifeng Saliont"	Chifeng Saliont Pharmaceutical Co., Ltd.* (赤峰賽林泰藥業有限公司), formerly known as Chifeng Rongjitang Pharmaceutical Co., Ltd. (赤峰榮濟堂藥業有限公司), a limited liability company established in the PRC on June 11, 2004, and is owned by Mr. Li and his brother as to 97.41% and 2.59%, respectively as at the Latest Practicable Date
"China", "Chinese mainland" or "PRC"	the People's Republic of China, but for the purposes of this document and for geographical reference only, references in this document to "China", "Chinese mainland" and/or the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan (except where the context requires otherwise)
"CNIPA"	China National Intellectual Property Administration (國家知識產權局)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or 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 or supplemented or otherwise modified from time to time
"Company", "our Company", "we", "our" or "us"	PrimeGenX Therapeutics Co., Ltd. (北京普祺醫藥科技股份有限公司), a limited liability company established in the PRC on September 26, 2016 and subsequently converted into a joint stock company with limited liability on April 25, 2022
"Controlling Shareholder(s)"	refers to Mr. Li, Chifeng Mingquan and Chifeng Qingxi, the controlling shareholders of our Company. See "Relationship with our Controlling Shareholders"
"Converted H Shares"	H Shares which will be converted from Domestic Shares immediately upon [**REDACTED**]
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules; for the purpose of this document, our Core Product refers to PG-011 (Pumecitinib)
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share in our capital, with a nominal value of RMB0.5 each, which are subscribed for and paid up in Renminbi
"Dr. Du"	Dr. Daniel Yunlong Du, an executive Director, deputy general manager and chief medical officer of our Company
"Dr. Han"	Dr. Han Yongxin (韓永信), the non-executive Director of our Company
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"ESG"	environmental, social and governance
"Extreme Conditions"	extreme conditions caused by a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period as announced by the government of Hong Kong
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the independent industry consultant commissioned by our Company to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	the independent research report commissioned by our Company and prepared by Frost & Sullivan
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"GFA"	gross floor area
	[**REDACTED**]
"Guide" or "Guide for New Listing Applicants"	the Guide for New Listing Applicants as published by the Stock Exchange, as amended from time to time

"H Share(s)"	overseas [**REDACTED**] foreign Share(s) in the share capital of our Company with a nominal value of RMB0.5 each, which is/are to be [**REDACTED**] in HK dollars and for which an application has been made for the [**REDACTED**] of [**REDACTED**] and permission to [**REDACTED**] in on the Hong Kong Stock Exchange
	[**REDACTED**]
"H Shareholder(s)"	holders of the H Shares
	[**REDACTED**]
"HK$", "Hong Kong dollars", "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
	[**REDACTED**]
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
	[**REDACTED**]
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
	[**REDACTED**]
"IASB"	International Accounting Standards Board
"IFRS Accounting Standards"	IFRS Accounting Standards issued by the IASB
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Hong Kong Listing Rules
	[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors of the [**REDACTED**] as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"Latest Practicable Date"	[July 15], 2026, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange
"Mr. Li"	Mr. Li Yuliang (李雨亮), one of the controlling shareholders of the Company, chairman of the Board, an executive Director and general manager of the Company and the spouse of Ms. Wang

"Mr. Wu"	Mr. Wu Xing (毋興), an executive Director, Chief Financial Officer, Board Secretary, and one of the joint company secretaries of the Company
"Ms. Wang"	Ms. Wang Hongmei (王紅峒), formerly known as Wang Hongmei (王紅梅), an executive Director of the Company and the spouse of Mr. Li
"NEEQ"	the National Equities Exchange and Quotations system (全國中小企業股份轉讓系統), also known as the New Third Board
"NMPA"	the National Medical Products Administration of the PRC (中華人民共和國國家藥品監督管理局) and its predecessor, 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

[**REDACTED**]

"PCT"	Patent Cooperation Treaty, an international treaty administered by the World Intellectual Property Organization that allows inventors and companies to seek patent protection for their inventions simultaneously in multiple countries through a single international patent application, simplifying the process of securing patent rights across different jurisdictions and providing a standardized procedure for the initial phase of patent filing
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Law"	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong, the Macau Special Administrative Region and the relevant regulations of Taiwan region
"PRC Legal Advisor"	Fangda Partners, legal advisor to our Company as to PRC Law
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"document"	this document being issued in connection with the [**REDACTED**]
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	State Administration for Market Regulation (國家市場監督管理總局)
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO" or "Securities and Future Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) in the capital of our Company with nominal value of RMB0.5 each
"Shareholder(s)"	holder(s) of Share(s)
"Sophisticated Investor(s)"	has the meaning ascribed to it under Chapter 2.3 of the Guide
"STA"	State Taxation Administration (中華人民共和國國家税務總局)
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Therapeutics Technology"	PrimeGenX Therapeutics Technology Co., Ltd. (北京普祺醫藥技術有限公司), a limited liability company wholly owned by us and established in the PRC on May 9, 2026
"Track Record Period"	the period comprising the two financial years ended December 31, 2025 and the four months ended April 30, 2026
	[**REDACTED**]
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"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

"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"%"	Per cent

In this document, the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this document and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similar terms adopted by other companies.

"AD"	atopic dermatitis, a chronic, relapsing, inflammatory skin disease characterized clinically by pruritus, polymorphic skin lesions with exudative tendencies
"ADME"	absorption, distribution, metabolism and excretion
"AE"	adverse event, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"AESI"	adverse event of special interest
"ANDA"	abbreviated new drug application
"AR"	allergic rhinitis, a non-infectious chronic inflammatory disease of the nasal mucosa mainly mediated by immunoglobulin E (IgE) when atopic individuals are exposed to allergens
"BID"	*bis in die*, which means twice a day
"BSA"	body surface area
"CADD"	computer-aided drug design
"CDE"	Center for Drug Evaluation of the NMPA
"CDMO"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis, providing drug development and drug manufacturing services
"cGMP"	current Good Manufacturing Practice
"clinical trial"	an experiment performed on human beings in order to evaluate the comparative efficacy of two or more therapies. An experimental design used for testing the effectiveness of a new medication or a new therapeutic procedure. Individuals are usually assigned randomly to a treatment group (experimental therapy) and a control group (placebo or standard therapy) and the outcomes of the two groups are compared
"CMO"	Contract Manufacturing Organization

"Cmax"	the maximum (or peak) serum concentration that a drug achieves in a specified compartment or test area of the body after the drug has been administered and before the administration of a second dose
"CMC"	chemistry, manufacturing, and controls, a term for the chemical composition, formulation, and quality control processes used in the manufacturing of a drug
"CRO"	contract research organization, a company that provides research services to pharmaceutical and biotechnology companies on a contract basis
"CSO"	contract sales organization, a third-party company that provides sales services to pharmaceutical, biotechnology, and medical device companies
"EASI"	eczema area and severity index, a clinical measure used to evaluate the effectiveness of treatments for atopic dermatitis. It is a score calculated based on the severity of lesions in different areas of the skin, the size of the affected areas, and a composite score that incorporates the area of each body part in relation to the total body surface area
"FAS"	full analysis set
"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"glaucoma"	a degenerative eye disease characterized by elevated intraocular pressure and damage to the optic nerve
"GMP"	Good Manufacturing Practice, a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"hyperkeratosis"	the thickening of the outer layer of the skin that contains a tough, protective protein called keratin
"IGA"	Investigator's Global Assessment score, an assessment of skin conditions, particularly atopic dermatitis and psoriasis, based on the physician's subjective judgment, allowing researchers to quickly evaluate the severity of the disease at a given time point. It is commonly used to assess drug efficacy

"IgE"	immunoglobulin E, a type of antibody which plays a key role in the body's defense against certain infections and is also involved in allergic reactions. When an allergen enters the body, IgE antibodies bind to it and trigger the release of histamine and other chemicals from mast cells and basophils, leading to symptoms such as itching, swelling, and redness. Elevated levels of IgE are often associated with allergic conditions
"IND"	investigational new drug, an application in the drug review process required by a regulatory authority to decide whether a new drug is permitted to initiate clinical trials
"inhibitor"	a substance that binds to and decreases the activity of a specific enzyme or protein, thereby regulating biological processes and often used therapeutically to block disease-related pathways
"innovative drug"	drugs with original structures or novel mechanisms of action
"IL-4"	interleukin-4, a cytokine that regulates immune cell function
"IL-13"	interleukin-13, an immunoregulatory cytokine secreted predominantly by activated Th2 cells and mast cells
"*in vitro*"	Latin for "within the glass", studies using components of an organism that has been isolated from their usual biological surroundings
"IOP"	intraocular pressure, the fluid pressure of the eye
"iTNSS"	instantaneous total nasal symptom score
"iTOSS"	instantaneous total ocular symptom score
"IVPT"	*in vitro* permeation test, the test that estimates the degree to which a dosage form promotes or inhibits the permeation of its ingredients across physiological barrier
"IVRT"	*in vitro* release test, an *in vitro* release testing parameter which determines release of drug from the topical dosage form
"JAK"	Janus kinase, a family of intracellular, non-receptor tyrosine kinases that transduce cytokine-mediated signals via the JAK-STAT pathway
"JAK inhibitor"	small molecules targeting Janus kinase (JAK) enzymes (JAK1/2/3, TYK2) to block cytokine signaling via the JAK-STAT pathway

"JAK-STAT signaling pathway"	a cytokine-stimulated signal transduction pathway that is involved in numerous critical biological processes, including cell proliferation, differentiation, apoptosis and immune regulation. It can regulate the final expression of genes, cell proliferation, differentiation and immune response
"locally-delivered targeted therapy"	a type of treatment that is directed to a specific organ or limited area of the body to specifically target molecules and pathogenic mechanisms
"Membranous Nephropathy"	a pathological and morphological diagnostic term characterized by the deposition of immune complexes in the lateral aspect of the glomerular basement membrane and subepithelial region, accompanied by diffuse thickening of the glomerular basement membrane and changes in the permeability of the glomerular filtration membrane
"MRGPRX2"	mas-related G-protein coupled receptor member X2, a promiscuous receptor on mast cells that mediates IgE-independent degranulation in response to many structurally diverse compounds and has been implicated in multiple mast cell-mediated disorders, including chronic urticaria and atopic dermatitis
"NDA"	new drug application
"NRDL"	the National Reimbursement Drug List, a list that names all the drugs covered by the medical insurance program in full or partially in China
"NSV"	non-segmental vitiligo, a depigmented skin disorder showing progressive and depigmented lesions of the skin, mucosa, and hair
"Olmsted syndrome" or "OS"	a rare hereditary keratinization disorder primarily caused by autosomal dominant mutations in the TRPV3 gene, clinically characterized primarily by severe palmoplantar keratoderma and hyperkeratotic plaques around body orifices, including the perioral, periocular and perigenital regions
"PAR"	perennial allergic rhinitis
"Phase I clinical trial"	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

"Phase II clinical trial"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trial"	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 labeling of the product
"PK"	pharmacokinetics, the study of the absorption, distribution, metabolism and excretion of drugs in the body, which, together with pharmacodynamics, influences dosing, benefit and adverse effects of the drug
"placebo"	any dummy medical treatment; originally, a medicinal preparation having no specific pharmacological activity against the patient's illness or complaint given solely for the psychophysiological effects of the treatment; more recently, a dummy treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"PN"	prurigo nodularis, a chronic inflammatory skin disease characterized by severe pruritus, nodules, papules, excoriations and ulceration
"pruritus"	the symptom of itchiness in the skin, which is one of the most common clinical symptoms associated with dermatological conditions such as atopic dermatitis, psoriasis, xerosis, prurigo nodularis, contact dermatitis, urticaria, and eczema
"QD"	*quaque die*, which means once a day
"ROCK"	Rho-associated coiled-coil containing protein kinase, a crucial enzyme family that acts as a major downstream target of the RhoA protein, regulating the cell's actin cytoskeleton to control cell shape, movement, division, and survival, playing vital roles in processes like cancer, fibrosis, and neurological pain, and making it a significant therapeutic target
"rTNSS"	reflective total nasal symptom score, a rating of the severity of nasal symptoms over certain period of time
"rTOSS"	reflective total ocular symptom score, a rating of the severity of ocular symptoms over certain period of time

"SAE"	serious adverse event, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SAR"	seasonal allergic rhinitis
"SERPINE1"	Serpin Family E Member 1
"SMO"	site management organization, an organization that has adequate infrastructure and staff to meet the requirements of the clinical trial protocol and provides clinical trial related services to a CRO, a pharmaceutical company, a biotechnology company, or a clinical site
"TEAE"	treatment-emergent adverse event, any adverse event that occurs or worsens in severity after a patient begins receiving a treatment or intervention in a clinical trial
"Th2 cells"	T helper 2 cells, an important subset of helper T cells, involved in humoral immunity and allergic reactions. It plays a core role in amplifying and maintaining inflammatory responses marked by eosinophil recruitment and mast cell activation
"Tmax"	time to achieve maximum drug concentration, the time it takes for a drug to reach the maximum concentration (Cmax) after administration of a drug that needs to be absorbed
"TRPV3"	transient receptor potential vanilloid 3, a temperature-sensitive transient receptor potential ion channel that functions as a Ca^{2+}-permeable non-selective cation channel, activated by warm temperatures and various compounds, and is expressed in both neuronal and non-neuronal tissues

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to us 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", "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, but are not limited to, the following:

- our operations and business prospects;
- our financial condition and performance;
- our capital expenditure plan;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to control or reduce costs;
- our dividend policy;
- capital market developments;
- the actions and developments of our competitors;
- certain statements in "Business" and "Financial Information" with respect to trends in prices, operations, margins, overall market trends, and risk management; and
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, operations, margins, risk management and overall market trends.

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, you should not place undue reliance on any forward-looking information.

FORWARD-LOOKING STATEMENTS

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.

All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

You should carefully consider, in addition to other information contained in this document, the risks and uncertainties below before* [REDACTED] *in our H Shares. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition, or on the* [REDACTED] *of our H Shares and could cause you to lose all or part of your* [REDACTED]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial could also harm our business, results of operations, financial condition, or on the* [REDACTED] *of our H Shares. Past performance is no guarantee of future results.

Our operations are subject to a number of risks. Many of these risks are beyond our control and can be categorized into: (i) risks relating to our business and industry; (ii) risks relating to our financial position and need for additional capital; (iii) other risks relating to our operations; (iv) risks relating to conducting business in the jurisdiction where we operate; and (v) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to the Development of Our Drug Candidates and Regulatory Approval

The regulatory approval process of the NMPA and other comparable regulatory authorities for our product candidates is lengthy and the result is unpredictable. We may not achieve favorable results for our drug candidates in clinical trials, and cannot give any assurance that any of our drug candidates currently in development will receive regulatory approval. Any failure to timely obtain these regulatory approvals could adversely affect our business prospects and profitability.

We are subject to risks associated with obtaining regulatory approvals. New pharmaceutical products must be approved by the NMPA or other comparable regulatory authorities before they can be marketed and sold. The time required to obtain approvals from the relevant regulatory authorities in different jurisdictions is unpredictable, typically taking years following the commencement of pre-clinical studies and clinical trials, and depends on numerous factors, including the substantial discretion of the regulatory authorities. Significant time, efforts and financial resources are required to bring our product candidates to market in compliance with the regulatory processes, and we cannot assure you that we will be able to meet all regulatory requirements or that our product candidates will be eventually approved for sale. Obtaining regulatory approvals may take longer than expected, or such approvals may be subject to limitations on the indicated uses for which we intend to market the relevant product, therefore restricting its market size and adversely affecting our business, results of operations and growth prospects.

We may fail to receive regulatory approvals from the NMPA or other comparable regulatory authorities for our product candidates due to a number of reasons, including:

- disagreement in the design or implementation of our clinical trials;
- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- insufficient or suboptimal data collected from the clinical trials, or failure of our clinical trial results to meet the level of statistical and medical significance required for approvals;
- failure of our clinical trial process to pass the GCP inspections;

- unexpected changes in regulations, testing requirements, or approval policies that render our pre-clinical and clinical data insufficient for approvals;

- failure of our drug candidates to pass GMP inspections during the regulatory review process or across the production cycle of our drugs;

- failure of our clinical sites to pass audits carried out by the NMPA or other comparable regulatory authorities, resulting in a potential invalidation of our research data; and

- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

In addition, the NMPA or other comparable regulatory authorities may require more information to support approval, including additional pre-clinical or clinical data, which may result in delay in or denial of regulatory approval. Furthermore, clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions, and regulatory approval in one jurisdiction does not mean that regulatory approval will be obtained in any other jurisdiction. Approval procedures vary among jurisdictions and can involve additional product testing and validation and additional administrative review periods. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our product candidates will be approved for sale in those jurisdictions. Additional time, efforts and expenses may be required to bring our product candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes.

Failure to obtain regulatory approvals in a timely manner, or at all, or failure to obtain regulatory approvals with an intended scope of indications, could have a negative impact on the commercial prospects of our product candidates, and may cause reputational damage to us. Consequently, we would not be able to realize any revenue on such product candidate and we may need to incur additional expenses, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, regulatory authorities may revoke approval, approve our drug candidates for fewer or more limited indications than we request, may grant approval contingent on the performance of post-marketing clinical trials, or may approve a drug candidate with a label narrower than what we desire. The NMPA and other comparable regulatory authorities have discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional pre-clinical, clinical or other studies. Any of the foregoing scenarios could materially harm the commercial prospects for our drug candidates.

We cannot assure you that any of our drug candidates will successfully progress through the drug development process or become a commercially viable drug and any such failure could have a material adverse effect on our business, prospects, financial condition and results of operations.

We had not experienced any delay in the clinical development or regulatory approval process of our drug candidates as of the Latest Practicable Date, nor do we anticipate experiencing such delay.

The development process of innovative pharmaceutical products is typically lengthy, costly, and with uncertain outcome, and we may be unable to achieve the clinical development results of our drug candidates as we expect, or at all.

Clinical trials are expensive, difficult to design and implement, and can take years to complete, with uncertainty as to the outcomes. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidates, including but not limited to:

- regulators may require that we or our investigators suspend or terminate clinical research for various reasons such as non-compliance with regulatory requirements;

- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;

- our drug candidates may lack meaningful clinical responses, which may expose the participants to unacceptable health and safety risks;

- our drug candidates may cause adverse events, have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials;

- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate;

- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;

- our CROs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- the costs of clinical trials of our drug candidates may be substantially higher than anticipated; and

- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, or if we are unable to successfully complete clinical trials of our drug candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may be delayed in obtaining regulatory approval for our drug candidates or not obtain regulatory approval at all, or obtain approval for proposed indications that are not as broad as intended. Our drugs could be required to be removed from the market after approval, or become subject to additional post-marketing testing requirements and/or restrictions on how they are to be distributed or used. Any of these events could have a material adverse effect on our business performance and prospects.

The pharmaceutical industry in China is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our drug candidates.

We conduct our operations in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. For details on the current regulatory framework applicable to our current and planned business in China, please see "Regulatory Overview." In particular, to conduct clinical trials in China, we must apply for and obtain the NMPA's approval. The Center for Drug Evaluation ("**CDE**") under the NMPA reviews clinical trial applications, and may issue negative feedbacks or questions on such applications, which could result in the delay or denial of the NMPA's approval.

Moreover, the regulatory framework in China regarding the pharmaceutical industry has been under continuous reform. For example, in recent years, PRC regulatory authorities have been introducing new policies and measures with respect to the review, approval and regulation of pharmaceutical products, raising the standards for the review of each stage of the development of new drugs. Furthermore, rules and policies of the NMPA may be subject to amendments in the future, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. Any such changes or amendments may result in

increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the benefits we believe are available to us from developing and manufacturing drugs in China.

We may encounter various delays in the pre-clinical programs, clinical development and regulatory approval process, which may result in delays in, or suspension of, the commercialization of our drug candidates.

We may experience delays in completing our pre-clinical or clinical trials, and numerous unforeseen events could arise during, or as a result of, future clinical trials, which could delay or prevent us from receiving regulatory approval, including:

- we may encounter difficulties in enrolling sufficient participants for our clinical trials, enrollment may be slower than we anticipate, or participants may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;

- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate;

- our drug candidates may have undesirable side effects or unexpected characteristics, causing us or our investigators, regulators, institutional review boards ("**IRBs**") or ethics committees to suspend or terminate the trials, or reports may arise from pre-clinical testing or clinical trials of other drugs or therapies that raise safety or efficacy concerns about our drug candidates;

- our third parties including collaborators may not successfully carry out their contractual duties or meet expected deadlines;

- regulators, IRBs or ethics committees may not authorize us or our investigators to commence or conduct a clinical trial at a prospective trial site;

- we may experience delays in reaching, or may fail to reach, agreement on acceptable terms with prospective trial sites, CROs, principal investigators ("**PIs**") or hospitals who conduct clinical trials on our behalf, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs, trial sites, PIs and hospitals;

- clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or we may decide to abandon drug development programs;

- third-party contractors used in our clinical trials may fail to comply with regulatory requirements or meet their contractual obligations in a timely manner, or at all, or may deviate from the clinical trial protocol or drop out of the trial, which may require that we add new clinical trial sites or investigators;

- the ability to conduct a companion diagnostic test to identify subjects who are likely to benefit from our drug candidates;

- we may elect to, or regulators, IRBs or ethics committees may require that we suspend or terminate clinical research for various reasons, including non-compliance with regulatory requirements or a finding that participants are being exposed to unacceptable health risks; and

- the cost of clinical trials of our drug candidates may be greater than we anticipate.

Our drug development costs will also increase if we experience delays in testing or regulatory approvals, and we may run out of funding before a trial is complete, which could result in us having to delay or suspend the trial until sufficient funding is procured, or we would have to abandon developing the drug candidate completely. In addition, if we are required to delay clinical trials for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We do not know whether any of our clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant pre-clinical study or clinical trial delays also could shorten any periods during which we have the exclusive right to commercialize our drug candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our drug candidates. If we fail to achieve product development milestones as disclosed in this document, our business prospects might be adversely affected. Any of the above negative developments could have a material adverse effect on our business, financial condition and results of operations.

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

The results of pre-clinical 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 predict successful final results. Our drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits.

In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, changes in trial procedures set forth in protocols, differences in the size and demographics of the patient populations, including genetic differences, patient adherence to the dosing regimen, other trial protocol elements and the rate of dropout among clinical trial participants. As drug candidates are developed through pre-clinical and clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Differences in the number of clinical trial sites and countries involved may also lead to variability between earlier and later-phase clinical trials. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives. In addition, our future clinical trial results may differ from earlier trials and may not be favorable. Therefore, the results of planned clinical trials or other future clinical trials could be significantly different, which could result in delays in the completion of clinical trials, regulatory approvals and commencement of commercialization of our drug candidates. If so, we would have expended a significant amount of capital to progress the relevant drug candidates to that stage, and would not realize any revenue on such drug candidate if it then ultimately failed to receive regulatory approval due to poor clinical trial results. Such an uncompensated expenditure could materially and adversely affect our business, financial condition, results of operations and prospects.

A number of companies in the pharmaceutical industry have experienced significant delays, setbacks and failures in all stages of development, including late-stage clinical trials, even after achieving promising results in pre-clinical testing or early-stage clinical trials. Accordingly, results from completed pre-clinical studies and early-stage clinical trials of our drug candidates may not be indicative of the results that we may obtain in later stage trials, where such drugs may fail to show the desired safety and efficacy traits. Such variability in safety and/or efficacy results may be caused by numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including genetic differences, patient adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. Results may also differ from earlier trials due to the larger number of clinical trial sites and potentially different countries and populations involved in such trials.

Furthermore, data collected from pre-clinical studies and clinical trials involving one of our drug candidates may not be sufficient to support a conclusion of receiving regulatory approval from the NMPA or other comparable regulatory authorities required to market and distribute the drug.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that are currently contemplated, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining regulatory approval for our drug candidates, if at all;
- ultimately obtain approval for indications or patient populations that are not as broad as intended or desired;
- be subject to post-marketing testing requirements;
- encounter difficulties in obtaining, or be unable to obtain, reimbursement for use of certain drugs;
- be subject to restrictions on the distribution and/or commercialization of drugs; and/or
- have the drug removed from the market after obtaining regulatory approval.

Any of the above developments could result in a material adverse effect on our business, financial condition and results of operations.

Our drug candidates may cause undesirable adverse events.

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

In addition, if one or more of our drug candidates receive regulatory approval, and we or others later identify undesirable side effects caused by such drugs, it could result in a number of potentially significant negative consequences, including but not limited to, the following situations whereby:

- we may be forced to suspend marketing of the drug;
- regulatory authorities may withdraw approvals for the commercial sales of the drug;
- regulatory authorities may require additional warnings on the label;
- we may be required to develop risk evaluation and mitigation measures for the drug or, if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;
- we may be required to conduct post-market studies;

- we could be required to recall our products and be sued and held liable for harm caused to subjects or patients; and

- our reputation may suffer.

If our drug candidates prove to cause severe adverse effects before or after they are approved for sale, NMPA and other comparable regulatory authorities may require that we include black box warnings or contraindications in their package inserts, which could have an adverse impact on the commercialization of the relevant drugs.

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

We may not be able to fully realize the potential of Pumecitinib and our other drug candidates as we planned.

Our Core Product, PG-011 (Pumecitinib), is currently focused on mild-to-moderate atopic dermatitis and seasonal allergic rhinitis. As of the Latest Practicable Date, we had completed the Phase IIb/III clinical trial of Pumecitinib gel for the indication of mild to moderate atopic dermatitis in adults and adolescents aged 12 to 17 years, and we also completed the final dosing in the Phase IIb/III clinical trial of Pumecitinib nasal spray for the indication of moderate-to-severe seasonal allergic rhinitis in adults. We are also planning to conduct research on the clinical development of indications for Pumecitinib such as prurigo nodularis and non-segmental vitiligo. In addition to our Core Product, we are also developing a number of other drug candidates, including PG-033 (for the indication of pruritus), PG-018 (for the indication of autoimmune kidney diseases), PG-040 (for the indication of glaucoma), and PG-312 (for the indication of urticaria).

We cannot ensure that our drug candidates will obtain approval for marketing as we planned. Should the pharmaceutical products approved for marketing fail to gain recognition from physicians, patients and relevant parties in the medical field, our product commercialization and business operations will be adversely affected.

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

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for selected indications. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, we incurred research and development expenses for Pumecitinib (including clinical trials of PG-011-AD, PG-011-AR, PG-011-NSV and PG-011-PN) of RMB88.7 million, RMB84.0 million, RMB22.0 million and RMB38.5 million, respectively, representing 60.7%, 65.4%, 60.6% and 70.6% of our total research and development expenses for the same period, respectively. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products. Accordingly, our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. If we cannot accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a collaboration arrangement.

If the research and development progress of our other products under development is not smooth, we may face the risk of reliance on limited number of products.

As of the Latest Practicable date, our Core Product, Pumecitinib gel, had completed Phase IIb/III clinical trial for the indication of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17, and we also completed the final dosing in the Phase IIb/III clinical trial of Pumecitinib nasal spray for the indication of moderate-to-severe seasonal allergic rhinitis in adults. Our other drug candidates under development may require extended periods of time before they enter into the NDA stage.

If the development and clinical trials of our other drug candidates do not develop as expected, we will rely on revenues generated from our Pumecitinib products after they are approved for sale. We cannot assure you that we will be able to generate revenue from these limited number of products at a satisfactory level, or at all. As such, our financial condition, results of operations and prospects may be materially and adversely affected.

Risks Relating to the Commercialization of Our Drug Candidates

We have no track record in launching and marketing drug candidates. If we are unable to further develop our marketing and sales capabilities or enter into agreements with third parties to market and sell our drug candidates, we may not be able to generate revenue from our drug candidates.

We have not yet demonstrated the ability to launch and commercialize any of our drug candidates. As a result, our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer and cost more than it would if we were a company with experience launching and marketing drug candidates.

We compete with other pharmaceutical and biotechnology companies to recruit, hire, train, and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing, and commercial distribution capabilities for any or all of our drug candidates, we will likely pursue collaborative arrangements regarding the sales and marketing of our drug candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will provide us with effective sales forces for such drug candidates. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaboration partners to successfully commercialize any product, and as a result, we may not be able to generate product sales revenue, etc., which would materially adversely affect our business, financial condition, results of operations and prospects.

We had not experienced any delay in the commercialization of our drug candidates as of the Latest Practicable Date, nor do we anticipate experiencing such delay.

If our competitors develop therapies that are similar, more advanced, or more effective than ours, or launch innovative products and therapies ahead of us, our financial condition and results of operations and our ability to successfully commercialize our drug candidates could be materially and adversely affected.

The pharmaceutical industry is characterized by rapid technological change, and the development and commercialization of innovative drugs is highly competitive. We face competition from other pharmaceutical companies worldwide. There may be other pharmaceutical and

biopharmaceutical companies that are pursuing the development of drugs for the treatment of the same indications for which we are developing our drug candidates. Our competitors may have significantly greater financial, development, manufacturing, marketing, sales and supply resources or experience than we do. Our commercial opportunity and success will be reduced or eliminated, if any competing products become available that are more effective or cost-efficient than ours.

In particular, we face intense competition from existing products and product candidates under development for the treatment of atopic dermatitis, allergic rhinitis, and other diseases or symptoms that our drug candidates are intended for. For example, as of the Latest Practicable Date, there were four innovative topical drugs approved in China for the treatment of atopic dermatitis, and there are more than ten companies in China that are developing innovative topical drugs for atopic dermatitis; as of the same date, there were approximately 25 drug candidates under development in China for the indication of allergic rhinitis. As there are a number of other drug candidates currently in clinical trials in China and globally targeting the same or similar indications as our drug candidates, our development and commercialization of JAK inhibitor drugs may be adversely affected by some or all of such product candidates that receive regulatory approvals prior to or after we do.

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

Our relationships with PIs, key opinion leaders ("**KOLs**"), physicians and experts play an important role in our research and development and marketing activities. We have established extensive interaction channels with PIs, KOLs, physicians and experts to gain first-hand knowledge of unmet clinical needs and clinical practice trends, which is critical to our ability to develop new market-responsive drugs. However, we cannot assure you that we will be able to maintain or strengthen our clinical collaborations and relationships with our PIs, KOLs, physicians and experts, or that our efforts to maintain or strengthen such relationships will yield the successful development and marketing of new products. These industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or cooperate with our competitors instead. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. Industry participants may no longer want to collaborate with us or attend our conferences, and our marketing strategy may no longer be able to yield results that are commensurate to our efforts spent. If we are unable to develop new drugs or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors, which could adversely affect our revenue and profitability.

We operate in a highly competitive environment. Failure to compete effectively could result in decrease in sales, lower prices and loss of market share, any of which could have a material adverse effect on our financial condition, results of operations and prospects. Our products are expected to compete primarily in terms of efficacy, safety, price and general market acceptance. Our competitors include large domestic and international pharmaceutical companies, as well as smaller emerging pharmaceutical and biotechnology companies. There are a number of potential competitors that currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications as our product candidates. In particular, we may face intense competition in the development of innovative drugs. Some of these competitors have better resources and expertise than us. The competitive landscape of our target market is constantly evolving with the introduction of next-generation treatments and advanced technologies, which could provide more effective or convenient treatment options. In light of the intense competition, we may not be able to compete effectively and obtain substantial market share. We anticipate that we will face increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunity 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 the drugs we may develop or commercialize. Our competitors also may obtain approval from the NMPA or other comparable regulatory authorities for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. They may render our product candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our product candidates.

Our products may also face increased competition from substitute products. To the extent that our competitors' substitute products are, or are perceived to be, more clinically or cost effective than ours, or otherwise gain wider market acceptance than any of our pharmaceutical products, this could adversely affect our sales volumes and pricing levels for the relevant products. If pharmaceutical products manufactured overseas are perceived more favorably than products manufactured domestically in the PRC, it could erode our market share and have a material adverse impact on our results of operations and prospects.

Successful sales and marketing are crucial for us to enhance our competitiveness, including our ability to increase the market penetration of our existing products, expand our coverage of hospitals and other medical institutions and promote new products. If we are unable to increase or maintain the effectiveness and efficiency of our sales and marketing activities, our sales volume and business prospects could be adversely affected.

In addition, there may also be significant consolidation in the pharmaceutical industry among our competitors, or alliances developed among competitors that may rapidly acquire significant market share. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative or licensing arrangements with large and established companies. 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.

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

If we successfully commercialize any of our candidates, such approved products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a formulation that is not in accordance with regulatory approved usage and labeling. Even though the NMPA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our drug candidate, upon regulatory approval, may be subject to off-label use and is prescribed in a patient population, dosage or formulation that has not been approved by competent authorities. This occurrence may render our drug candidate less effective or entirely ineffective and/or may cause unexpected adverse drug reactions. Any of these occurrences could create negative publicity and significantly harm our reputation, brand image, business operations, financial condition, results of operations and prospects. These occurrences may also expose us to liability and cause a delay in the progress of our clinical trials and may also ultimately result in delay in or failure to obtain regulatory approval for our drug candidates.

In addition, certain drug products distributed or sold may be manufactured without proper licenses or approvals or be fraudulently mislabeled with respect to their contents or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. As counterfeit pharmaceutical products in many cases resemble the authentic pharmaceutical products yet are generally sold at lower prices, any counterfeiting of our future approved drug could reduce their market demand if not timely prevented by relevant government authorities. In addition, counterfeit

pharmaceutical products are unlikely to meet our or our rigorous manufacturing and testing standards, and may even cause health damage to patients. Our reputation, business operations, financial condition, results of operations and document could suffer as a result of counterfeit pharmaceutical products.

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

The successful commercialization of our drugs after they are approved depends in part on the extent to which reimbursement for these drugs and related treatments will be available from relevant health administrative authorities, private health insurers and other organizations. The regulations that govern reimbursement for new therapeutic drugs vary substantially from country to country. In China, the *National Reimbursement Drug List* ("**NRDL**") and *Provincial Reimbursement Drug Lists* ("**PRDL**") include drugs under the *National Medical Insurance Catalogue*, which affect the amounts reimbursable to program participants for those drugs. There can be no assurance that Pumecitinib or any of our drug products will be included in the NRDL or the PRDL after approval for commercial sale. Compared to generic and essential drugs, innovative drugs, such as our drug products, may be subject to limitations on their inclusion in the NRDL or the PRDL due to cost constraints. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL or the PRDL, our revenue from commercial sales would be highly dependent on patient self-payment, which can make our products less competitive.

Government authorities and third-party payers, such as private health insurers and healthcare organizations, decide which medications they will pay for and stipulate reimbursement levels. With the trend of cost containment in the global healthcare industry, government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. There are an increasing number of third-party payers requiring companies to provide them with predetermined discounts from list prices and challenging the prices charged for medical products. There can be no assurance as to whether or to what extent reimbursement will be available for Pumecitinib or any drug we commercialize in the future. Reimbursement may impact the demand for, or the price of, any drug for which we obtain regulatory approvals. Obtaining reimbursement for our drugs may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a doctor. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize Pumecitinib or any drug candidate that we have developed.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the indications and purposes for which the drug candidates are approved by the NMPA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may be subject to change. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for drugs with lower cost that have been covered in reimbursement policies, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by governmental healthcare programs or private payers and by any future lift or relaxation of laws and regulations that presently restrict imports of drugs from countries where they may be sold at lower prices than in the jurisdictions in which we operate or have a presence. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, financial condition, results of operations and prospects.

The pricing of our products may be subject to pressure from procurement practice of national or other third-party reimbursement programs, healthcare reform initiatives or unfavorable pricing regulations, which could harm our business.

In China, the pricing of prescription pharmaceutical products is subject to continuing governmental supervision. For example, centralized procurement in China has strong bargaining power over pricing of pharmaceutical products. The price of our products, after they are commercialized, may be affected by the centralized procurement process. Our products may also become subject to reimbursement practices, healthcare reform initiatives, or unfavorable price regulations after they are commercialized. Adverse pricing limitations may hinder our ability to recoup our investment in our product candidates.

Relevant government authorities in China have implemented policies that aim to further increase the affordability of pharmaceutical products. In the future, the relevant authorities may continue to implement policies which limit the prices that hospitals, clinics, and other medical practitioners can charge for our products, which in turn would limit the prices that we can charge them and adversely affect our profitability. There may also be other reform measures on the tender process for pharmaceutical products or other policies affecting pharmaceutical prices, which may result in downward adjustments to the prices of our commercialized products, and may in turn adversely affect our revenue, and profitability. As China's healthcare system as a whole has undergone continuous reform in recent years in respect of insurance coverage, access to medical products and services, and the role of the private sector in product development, we cannot predict if or when the relevant authorities will amend the policies regarding prices of pharmaceutical products, or if additional pharmaceutical products may become subject to price limits and/or more stringent insurance reimbursement limits. Any negative developments in respect of the above could have a material adverse effect on our business, financial condition, and results of operations.

The market opportunities for our drug candidates may be smaller than we anticipate, which could render some drug candidates ultimately unprofitable.

We estimate the incidence and prevalence of target patient populations for particular diseases based on various third-party sources, such as scientific literature, surveys of clinics, patient foundations or market research, as well as internally generated analyses, and we use such estimates in making decisions regarding our drug development strategy, including determining which candidates to focus our limited resources on in pre-clinical or clinical trials. These estimates may be inaccurate or based on imprecise data. The total addressable market opportunity will depend on, among other things, acceptance of the drug by the medical community and patient access, drug pricing, reimbursement and the availability of alternative treatments. The number of patients in the addressable markets may turn out to be lower than expected, patients may not be amenable to treatment with our drugs, or new patients may become increasingly difficult to identify or access.

Furthermore, new studies may change the prevailing estimate of incidence or prevalence of diseases, and the number of addressable patients for our drug candidates in any case may turn out to be lower than expected. In such cases, we may never achieve profitability without obtaining regulatory approval for additional indications. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in our efforts to identify, discover or license-in new drug candidates to build or maintain our product pipeline, or license-out our existing drug candidates.

We may fail to identify, discover or license-in new drug candidates for clinical development for a number of reasons. For example, with respect to identifying and discovering new drug candidates for development in-house, our research methodology may be unsuccessful in identifying potential drug candidates or those we identify may be shown to have harmful side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approval. Research programs to pursue the development of our drug candidates for additional indications and to

identify new drug candidates and disease targets require substantial technical, financial and human resources whether or not we ultimately are successful. We may consider licensing-in promising drug candidates to add to our pipeline in the future. Regardless of whether we develop new drug candidates in-house or license-in, our R&D efforts may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including:

- potential drug candidates may, after further study, be shown to have harmful adverse effects or other characteristics that indicate they are unlikely to be effective drugs; or

- it may take greater human and financial resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs than we will possess, thereby limiting our ability to diversify and expand our portfolio.

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates, develop suitable potential drug candidates through internal research programs, or successfully license-in drug candidates at favorable commercial terms or at all, any of which could materially adversely affect our future growth and prospects. Even if we are able to identify, discover or license-in the drug candidates that we target, we cannot assure you that the product will be successfully commercialized. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful.

Furthermore, we may license-out our existing drug candidates to other drug developers, or otherwise collaborate with third parties on our existing drug candidates. We cannot assure you that when we license-out drug candidates, we will successfully be able to do so, or that any such partner will be able to successfully promote or commercialize products licensed from us, which in turn could adversely affect the benefits that we may achieve from such arrangement. If we are unable to successfully identify a licensee partner for a particular drug candidate and are not able to further develop such drug candidate in-house, we may not be able to recover our investment in that product.

Even after we successfully license-in or license-out drug candidates, we cannot assure you that our licensors or licensees will not breach the relevant license agreements, whether inadvertently or otherwise. Alternatively, our licensors or licensees might conclude that we have materially breached our license agreements. In either case, the license agreements may be terminated, thereby stopping us from developing and commercializing the drug candidates we licensed-in or generate licensing fees and royalties from the drug candidates we licensed out.

Risks Relating to Our Intellectual Property Rights

We depend on patents, trade secrets and other forms of intellectual property protections, but these protections may not be adequate.

We rely on a combination of patent, trade secret and other intellectual property laws in China to protect our intellectual property. However, intellectual property right protections may not prove meaningful against competitive offerings or otherwise be commercially valuable and, as such, our patents may be challenged in courts and patent offices. Such challenges may result in the relevant patents being narrowed in scope, invalidated, or held unenforceable, in whole or in part, which could limit the ability of us or our licensors to stop others from using or commercializing similar or identical technology and product candidates, or limit the duration for the patent protection of the relevant technology and product candidate.

Obtaining and maintaining patents require the payment of fees such as annual fees and various other governmental fees in several stages over the lifetime of a patent, and compliance with a number of procedural, documentary, and other similar provisions during the patent application

process. We may rely on our outside counsel to help us comply with these requirements. There are situations in which non-compliance can result in abandonment, loss of priority, or lapse of the patent or patent application, resulting in partial or complete loss of patent rights.

As a result of actual or threatened patent infringement claims, we could also be prevented from entering into licenses on commercially acceptable terms or at all. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings, including interference, *inter partes* review, derivation or post-grant proceedings regarding intellectual property rights with respect to our current or future products. An adverse determination in any such proceeding could reduce the scope of, or invalidate, our patent rights. This could have a material adverse effect on our business, financial condition, and results of operations. Moreover, successful patents may not issue in a form that will provide us with any meaningful protection against competitors who may be able to circumvent our patents by developing similar or alternative technologies or product candidates in a non-infringing manner.

In addition, we cannot assure you that we will be successful in obtaining additional intellectual property or enforcing our intellectual property rights against unauthorized users. We also rely on unregistered proprietary rights, including know-how and trade secrets related to development, manufacturing, and distribution of our products and product candidates. Agreements entered into between us and our employees and other third parties prohibiting them from disclosing proprietary information or technology may not provide meaningful protection, and may not effectively prevent leakage or unauthorized disclosure of trade secrets and other proprietary information. Furthermore, third parties who are not party to our confidentiality agreements may obtain access to our trade secrets or know-how, and others may independently develop similar or equivalent trade secrets or know-how. The disclosure or use of our intellectual properties or technologies by others, including our competitors, could reduce or eliminate any competitive advantage we have developed, cause us to lose sales opportunities or otherwise harm our competitive position, which could have a material adverse effect on our business, financial condition, and results of operations.

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

Periodic maintenance fees, renewal fees, annual fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA in several stages over the lifetime of a patent. The CNIPA also requires compliance with a number of procedural, documentary, and other similar provisions during the patent application process. We may rely on our outside counsel to help us comply with these requirements. There are situations in which non-compliance can result in abandonment, loss of priority or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors or other third parties might be able to enter the market, which would have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, and our ability to successfully commercialize any product or technology would be materially adversely affected.

Our drug candidates face competition from other medications. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. As a result, we may not be able to realize the full potential of the relevant drug candidate in an exclusive manner, which would have a material adverse effect on our future revenue and profit from that drug.

Patent terms may not be adequate to protect our competitive position on our drug candidates in the absence of patent linkage, patent term extensions and other exclusivities. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

If our patent terms expire before or soon after our drug candidates are approved, or if competitors successfully challenge our patents, our business may be materially harmed. Lack of protection under the applicable patent linkage and patent term extension laws and regulations could increase the risk of early generic competition.

The life of a patent and the protection it affords is limited. For example, the expiration of a patent is generally 20 years for invention in China. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates. For the expiration dates of our issued patents for our drug candidates, please see "Business — Intellectual Property."

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected. There can be no assurance that the applicable authorities will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. 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.

Our patent rights relating to our drug candidates could be found invalid or unenforceable if challenged.

Our intellectual property rights could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the CNIPA or the applicable foreign counterpart, or made a misleading statement, during prosecution. There is no assurance that we may always prevail in legal assertions of invalidity and unenforceability.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a drug candidate. Our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. The court may decide not to grant an injunction against further infringing activities and instead award only monetary damages, which may not be an adequate remedy. In addition, if the breadth or strength of protection provided by our owned patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any loss of patent protection could have a material adverse impact on one or more of our drug candidates and our business.

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

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

However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be adversely affected.

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

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

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

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

Intellectual property and other laws and regulations are developing, which could diminish the value of our intellectual property and impair the intellectual property protection of our drug candidates.

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity and is costly, time-consuming and inherently uncertain. Developments in either the patent laws or their interpretation in different jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights. Our existing patent rights and future patent applications may face certain potential influence.

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.

Competitors may infringe, misappropriate or otherwise violate our intellectual property rights. To counter infringement, misappropriation, or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we have infringed, misappropriated, or otherwise violated their intellectual property rights. We may not be able to prevent third parties from infringing upon, misappropriating, or otherwise violating our intellectual property rights. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at the risk of being invalidated, held unenforceable, or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our trade secret or other confidential information could be compromised by disclosure

during this type of litigation. Any failure by us to prevent the misappropriation or disclosure of our proprietary information could materially and adversely affect our business, financial condition, results of operations and prospects.

If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Defending ourselves against third parties' intellectual right infringement allegations, meritorious or not, would be expensive and time consuming, and would be a substantial diversion of our resources and our management team's attention. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

In the event that third parties assert infringement claims against us, there is no assurance that the outcome would be in our favor. If we were found by courts or other competent authorities to have infringed on the patent or other intellectual property rights of third parties, we may be subject to injunctive or other court order or judgement, which could prevent us from developing and commercializing our drug candidates, or at least delay the development or commercialization process. Our involvement in such proceedings may attract publicity, thereby having a substantial adverse effect on our reputation and brand name, which could have a substantial adverse effect on the [**REDACTED**] of our shares. Such litigation or proceedings could also substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

In the event of a successful claim against us of infringement, misappropriation, or other violation of intellectual property, or a settlement by us of any such claims, we may have to pay substantial damages. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our drug candidates. Any such license might not be available on reasonable terms or at all. A license could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly.

Our brand name has not been registered as trademark in China and therefore may not be adequately protected. This could adversely affect our ability to build brand recognition in our intended market, and our reputation and business could be adversely affected.

We conduct our business under the brand name of "普祺醫藥." As of the Latest Practicable Date, 普祺醫藥 had not been registered as trademark in China. As a result, we may be unable to prevent others from using the same or similar brand name in their business activities, including on products similar to ours. Furthermore, the Chinese expression of 普祺 has been registered as a trademark by an Independent Third Party in China on product types similar to ours. As such, we could be prevented from using our desired brand name on our own products or in our own business activities, which could materially adversely affect our ability to build brand recognition in our intended market, and, as a result, our business and prospects. As our drug candidates mature and obtain regulatory approval in the future, we expect the importance of our brand name will further increase in order to differentiate us from our competitors. If we are unable to use our desired brand name on our products after they are approved, our business and prospects could be materially adversely affected.

Risks Relating to Our Reliance on Third Parties

We work with various third parties to develop our drug candidates, such as those who help us conduct our pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, and our business could be materially harmed.

As is common practice in the industry, we have worked with and plan to continue to work with third-party collaborators, such as CROs and CMOs, to generate, monitor, and manage data for our ongoing pre-clinical and clinical programs and to manufacture the drug samples used in pre-clinical studies and clinical trials. As our relationship with CROs and CMOs is contractual in nature, we may have limited control over their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements, and scientific standards, and our collaboration with the CROs and CMOs does not relieve us of our regulatory responsibilities. We, our CROs and CMOs for our pre-clinical and clinical programs, and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA and other comparable regulatory authorities for all of our drugs in clinical development. If we or any of our CROs, CMOs or clinical investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with products produced under GMP regulations. Failure to comply with these regulations by us or our CMOs may require us to repeat clinical trials, which would delay the regulatory approval process.

If our relationships with our third-party collaborators terminate, we may not be able to enter into arrangements with alternative replacements or do so on commercially reasonable terms. In addition, our third-party collaborators are not our employees, and except for remedies available to us under our agreements with such CROs and CMOs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and non-clinical programs. If our third-party collaborators do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality of our drug samples or the accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements, or for other reasons, our clinical trials may be extended, delayed, or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our drug candidates. As a result, our results of operations and the commercial prospects for our drug candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or sourcing new third-party collaborators involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business. In light of the foregoing, any failure of our third-party collaborators to carry out their contractual duties or meet expected deadlines could materially adversely affect our business, financial condition, results of operations and prospects.

We may rely on third parties to manufacture our drug candidates. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently rely on third parties to manufacture our drug candidates for their development and clinical trials. Reliance on third-party manufacturers would expose us to additional risks, including:

- we may have little control over the manufacturing process and quality control over such third-party manufacturers;

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

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

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

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

- our contract manufacturers and critical reagent suppliers may be subject to inclement weather, as well as natural or man-made disasters.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs or materially adversely impact commercialization of our future approved drug candidates. In addition, we may rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on us until deficiencies are remedied.

We have a limited number of suppliers for major purchases during the Track Record Period and the loss of one or more key suppliers could disrupt our operations.

For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2026, purchases from our five largest suppliers for each year in the Track Record Period accounted for 30.6%, 27.1% and 19.8% of our total purchases, respectively, and purchases from our largest supplier accounted for 11.0%, 7.7% and 5.9% of our total purchases, respectively. See "Business — Our Suppliers" for further details. We believe that we have stable relationships with our existing suppliers. However, the stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. If any of our major suppliers terminates its business relationship with us, we may encounter difficulty in finding a replacement that can provide alternative products and on terms acceptable to us. If this occurs, our business, financial condition, and results of operations may be adversely affected.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We incurred net losses during the Track Record Period and we may continue to incur losses in the near future and may not achieve or maintain profitability. **[REDACTED]** ***are at risk of losing substantially all of their*** **[REDACTED]** ***in our H Shares.***

[REDACTED] in pharmaceutical drug development is highly risky. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We continue to incur operating loss related to our ongoing operations. We have incurred losses in each period since our inception. See "Financial Information." Potential **[REDACTED]** may lose substantially all their **[REDACTED]** in us given the high risks involved in our business.

As of the Latest Practicable Date, none of our drug candidates had been approved for marketing and sale in any jurisdiction. We have not generated any revenue from the sale of pharmaceutical products, and we will continue to incur significant R&D and other expenses related to our on-going operations. We expect to continue to incur losses in the foreseeable future. Typically, it takes many years to develop a new drug from the time it is discovered to when it is available for treating patients. The size of our future net losses will depend, in part, on the number and scope of our drug development programs and the associated costs of those programs, the cost of commercializing any approved drug candidates, our ability to generate revenue and the timing and amount of milestones and other payments we make or receive with or through arrangements with third parties. If any of our drug candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance and commercialization, we may never become profitable. Our failure to become and remain profitable may affect **[REDACTED]** perception of our potential value and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. Any decline in our value could also cause you to lose all or part of your **[REDACTED]**.

We had net cash outflow from operating activities throughout the Track Record Period and we will likely need substantial additional funding for our drug development and commercialization efforts, which may not be available on acceptable terms, or at all.

Our operations have consumed substantial amounts of cash since our inception. Due to our negative operating cash flow, we have needed external financing throughout our operating history, which we have financed primarily through private placements.

Our expenses may increase significantly in connection with our ongoing activities, particularly as we advance the clinical development of our various clinical stage drug candidates, continue research and development of our pre-clinical stage drug candidates, initiate additional clinical trials of, and seek regulatory approval for, these and other future drug candidates and expand our manufacturing capability. Our future capital requirements will depend on many factors, including:

- the number and development requirements of the drug candidates we pursue;
- the scope, progress, timing, results and costs of researching and developing our drug candidates, and conducting pre-clinical and clinical trials;
- the cost, timing and outcome of regulatory review of our drug candidates;
- the cost and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our drug candidates for which we receive regulatory approval;

- any cash received from commercial sales of any drug candidates for which we receive regulatory approval;
- our ability to establish and maintain strategic partnerships, collaboration, licensing or other arrangements and the financial terms of such agreements;
- the cost, timing and outcome of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the extent to which we acquire or license other drug candidates and technologies; and
- our headcount growth and associated costs.

Moreover, as we obtain regulatory approval for our clinical stage drug candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. In particular, the costs required for the manufacture of any drug candidate that receives regulatory approval may be substantial as we would have to undertake substantial expansion plans for our manufacturing facilities. Our current manufacturing expansion plans will require substantial capital investments, which we intend to finance primarily through additional bank loans and cash generated from operations. However, financing may be unavailable in amounts or on terms acceptable to us. If we are unable to raise capital when needed or on acceptable terms, we could incur losses and be forced to delay, reduce or terminate our research and development programs or any future commercialization efforts, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the sale of additional equity or equity-linked securities could result in dilution to the Shares held by our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants restricting our operations or our ability to pay dividends, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We have historically received government grants, subsidies and other preferential policies for our R&D and other activities and enjoyed preferential tax treatment during the Track Record Period. Expiration of, or changes to, these incentives or policies or our failure to satisfy any condition for these incentives would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to us as part of their efforts to encourage research and development activities, and we recognized government grants of RMB9.9 million, RMB35.5 million, RMB0.5 million and RMB3.9 million, respectively, for the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, respectively. The timing, amount and criteria of government financial incentives are subject to the discretion relevant government authorities and cannot be predicted with certainty. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives in the future. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

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

Our ability to generate revenue and achieve profitability depends significantly on our success in many factors, including but not limited to:

- obtaining regulatory approvals and marketing authorizations for drug candidates for which we complete clinical trials;
- launching and commercializing Pumecitinib and other drug candidates for which we obtain regulatory approvals and marketing authorizations;
- completing research regarding, and nonclinical and clinical development of, our drug candidates;
- developing a sustainable and scalable manufacturing process for Pumecitinib and other drug candidates, including establishing and maintaining commercially viable supply relationships with third parties and establishing our own manufacturing facilities;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new drug candidates, intellectual property and technologies;
- collaborating with business development partners and their ability to successfully promote and market our products;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trademarks, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel.

We cannot guarantee that we will be able to obtain regulatory approvals for any of our drug candidates in a timely manner, or at all. Substantial investments may be incurred before and after we generate any revenue from product sales. Even though we have received the regulatory approval or if our drug candidates are approved for commercial sale, we expect to continue incurring significant costs associated with the manufacturing and the commercial launch of the drug products. Moreover, our expenses could increase beyond expectations if we are required by the NMPA or other applicable authorities to perform studies in addition to those that we currently anticipate.

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

OTHER RISKS RELATING TO OUR OPERATIONS

Any failure to obtain, maintain, or renew various licenses and permits or to comply with applicable laws and regulations and industry standards, or any change to the applicable laws, regulations or industry standards could harm our reputation and business, results of operations and prospects.

Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or impose fines and penalties which could materially and adversely affect our business, financial condition and results of operations. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses and certificates may change in the future, and there can be no assurance that we will be able to meet new criteria that may be imposed. If the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect our business, results of operations and prospects.

We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.

We routinely obtain and manage clinical trial related-data through clinical research organizations, who apply de-identification methods such as coding and replacing full names with initials before transmitting these data to us. As such, we are subject to the relevant national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protection regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown.

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

In addition, any development in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Complying with all applicable laws, regulations, standards and obligations relating to privacy and data security may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on our senior management members and other key personnel. If we fail to retain our key senior management members and other key personnel, or to attract, retain and train qualified personnel, our business prospects could be adversely affected

Our success depends heavily upon the continued services of our senior management members, key R&D personnel and key sales and marketing personnel. In particular, the industry experience, management expertise and contributions of our Directors and other members of our senior management are crucial to our success. They play a crucial role in the development and commercialization of our products and realization of the potential benefits of our intellectual property. In addition, the future success in the sale of our products depends on the dedication and skills of our sales and marketing personnel. Accordingly, our ability to attract and retain key personnel is a critical factor in our competitiveness.

Our employment agreements with senior management members do not prevent our executives from terminating their employment with us at any time. We do not maintain any key person insurance. If we lose the services of any key personnel, we may be unable to recruit a suitable or qualified replacement and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth. In addition, if any of our key personnel joins a competitor or forms a competing business, we may lose know-how, trade secrets and customers.

Furthermore, as we expect to continue expanding our operations and product portfolio, recruiting, retaining and training qualified R&D, manufacturing and quality management, and sales and marketing personnel will be critical to our success. We will need to continue attracting and retaining personnel with extensive experience and industrial knowledge. We may also need to hire, train and manage individuals with expertise that is separate, supplemental or different from expertise that we currently have. Competition for these individuals in the pharmaceutical industry is intense and could cause us to offer higher compensation and other benefits in order to attract and retain them, thereby increasing our operating costs and in turn, materially and adversely affecting our financial condition and results of operations. If we are unable to attract, motivate, train and retain these key personnel required to achieve our business objectives, our business prospects could be adversely affected.

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

Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our growth. We might not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

As our development and commercialization plans and strategies evolve, we must hire additional managerial, operational, manufacturing, financial and other personnel. Our recent growth and any future growth will impose significant additional responsibilities on our management, including but not limited to:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- continuing to innovate and develop advanced technologies in the highly competitive pharmaceutical industry;
- managing our relationships with third parties, including suppliers and collaboration partners;
- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our drug candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and business partners as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals. Our failure to do so could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to product liability lawsuits that could cause us to incur substantial liabilities and adversely affect our business, financial condition, results of operations and reputation.

We face an inherent risk of product and professional liability as a result of the clinical testing and any future commercialization of our product candidates inside and outside China. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against the claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- adverse effect on our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulatory authorities;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;

- product recalls, withdrawals or labelling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any approved product candidate; and
- a decline in the [**REDACTED**] of our H Shares.

To cover such liability claims arising from clinical trials, we purchase clinical trial insurance to cover adverse events in our clinical trials. It is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if our products are found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may produce hazardous waste products. We may contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal 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. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to comprehensive construction project approval, acceptance and filing requirements, and may be exposed to compliance costs, rectification obligations and/or potential liabilities.

Under PRC laws and regulations, construction projects are subject to a broad range of approvals, filings and acceptance procedures before commencement and before the relevant facilities are put into use. Our current research facility, which is located in one of our leased properties in Beijing, did not fully comply with the applicable approval or acceptance requirements during its renovation in 2019. Such historical non-compliance primarily include failure to obtain the construction permit and to conduct the completion acceptance procedure. Failure to obtain such permits or conduct such acceptance procedure may give rise to administrative actions by the relevant local authorities, including fines and mandatory remedial actions.

We cannot assure you that the competent authorities will not impose penalties, require remedial measures or impose operational restrictions on us as a result of such non-compliance. There is also no assurance that additional or more stringent approval, acceptance or safety requirements will not be imposed in the future, or that we will be able to fully comply with all such requirements in a timely manner.

Failure to comply with the labor and social insurance-related laws and regulations may adversely affect our business, financial condition, and results of operations

The PRC government has issued various labor-related regulations to further protect the rights of employees. Companies operating in China are required to complete related registration with the competent authorities and contribute to the government-sponsored employee benefits plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. We provide social security insurance as required by relevant rules and regulations in China, including but not limited to general care and work-related injury insurance, for our employees.

The interpretation and implementation of the Labor Contract Law, Social Insurance Law, and related regulations in China are continually changing. These changes make it difficult to predict compliance outcomes. We cannot guarantee that authorities won't demand settlement of shortfall amounts within a deadline or impose penalties. Non-compliance could result in fines, charges, or other regulatory actions, adversely impacting our business and financial condition.

Our insurance coverage may not completely cover the risks related to our business and operations, which could expose us to significant costs and business interruptions.

Our operations are subject to hazards and risks associated with our research and development, as well as other aspects of our operations, which may cause significant harm to persons or damage to properties. We maintain different types of insurance policies, including social insurance for our employees and personal accident insurance. However, there is no assurance that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operation if such losses or liabilities are not covered by our insurance policies.

Currently, we maintain insurance coverage against liabilities arising from adverse events in clinical trials. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for our drug candidates and drugs if there were a catastrophic event or failure of our manufacturing facilities or processes. Any of the foregoing would materially adversely affect our business, financial condition, results of operations and prospects.

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

Natural disasters, acts of war, terrorism or other force majeure events beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the jurisdictions where we conduct our business. Our operations, and those of our collaboration partners, suppliers and other third parties, may be under the threat of natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, force majeure events such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or potential wars or terrorist attacks. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments could materially disrupt our business and operations.

There also could occur serious natural disasters, which may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, disaster, epidemics, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our drug candidates. As we rely on third parties on various services and supplies, the occurrence of any of the foregoing events could seriously harm ability to obtain services or supplies if such third parties are affected by disasters, epidemics, business interruptions and other force majeure events. In addition, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption. Acts of war or terrorism may also injure our employees, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition, results of operations and prospects.

We are subject to risks associated with leasing space.

As of the Latest Practicable Date, we leased seven real properties for business operation, which are mainly used as our office, research and development facilities and future manufacturing facility. We may not always be able to renew our leases upon their expiration, either on commercially acceptable terms or at all, which could compel us to relocate. Our inability to enter into new leases or renew existing leases on terms acceptable to us could cause material disruption to our business operations, thereby materially and adversely affecting our business, financial condition and results of operations.

In addition, as of the Latest Practicable Date, we had not registered one of our property leases as required by applicable PRC laws. As registration of the lease agreement will require the cooperation of the landlord, there is no assurance that we can complete the registration of such lease agreement in a timely manner or at all. Our PRC Legal Advisor advised us that the failure to register the lease agreement for our leased property in the PRC will not affect the validity of this lease agreement, but if we fail to complete the registration within the prescribed time frame as required by competent municipal land and real estate administration departments in the PRC, a penalty ranging from RMB1,000 to RMB10,000 may be imposed against us for each unregistered lease. If we are demanded to complete any such registration and fail to do so, we may be subject to fines.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Prior to and immediately following the completion of the [**REDACTED**], our Controlling Shareholders will remain having substantial control over our Company. Subject to the Articles of Association and the PRC Company Law, the Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the shareholders' meeting and at Board meetings. The interest of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

We are subject to political, economic and social developments as well as the laws, rules, regulations and licensing requirements in China, and any disruptions in these respects may materially affect us.

Our businesses, assets and operations are located in or derived from our activities in the PRC, and as a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. We are unable to accurately predict the precise nature of all the risks and uncertainties that we face and many of these risks are beyond our control.

In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. Changes in China's business environment and changes in the business environment in jurisdictions we may operate in the future could have a material impact on our business, results of operations and financial condition.

Our performance will continue to be affected by the PRC economy, which in turn is influenced by the global economy. Trade wars among major economies may affect the availability and cost of various imported goods, including potentially equipment and materials which we rely on in our operations. Most notably, the United States government has made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as announcing import tariffs which have led to other countries, including China and members of the EU, imposing tariffs against the United States in response. These trade wars may escalate going forward and may result in certain types of goods, such as advanced R&D equipment and materials, becoming significantly more expensive for us to procure from overseas suppliers or even becoming illegal to export.

Any of the above factors may materially and adversely affect our business, financial condition and results of operations.

There might be uncertainties in effecting service of legal process and enforcing foreign judgments or bringing actions against us and our management.

Currently, all of our assets are located in the PRC. As a result, it may be difficult for the investors to directly effect service of process upon us in the PRC.

On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region* (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**Arrangement**"), which establishes a mechanism with further clarification on and certainty for reciprocal recognition and enforcement of judgments in a wider range of civil and commercial matters between Chinese mainland and Hong Kong. The Arrangement has come into effect on January 29, 2024. Pursuant to the Arrangement, 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 whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the New Arrangement.

We may face risks from transferring scientific data.

Enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to any foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial condition and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the applicable requirements, we may be subject to fines and other administrative penalties imposed by those government authorities.

Holders of H Shares and dividends on the H Shares may be subject to PRC income taxes.

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the *PRC Individual Income Tax Law* (the "**IIT Law**") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, the income gained by individual foreigners from dividends and distributions of enterprises with foreign investment is exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, the income of individuals from the transfer of the shares of listed enterprises is exempted from individual income tax. However, there is no assurance that these practices will not evolve, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the PRC Enterprise Income Tax Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. The withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

The interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may materially and adversely affect the value of our H Shares.

RISKS RELATING TO THE [REDACTED]

No* [REDACTED] *currently exists for our H Shares, and an active* [REDACTED] *for our H Shares may not develop, especially taking into account that certain of our existing shareholders may be subject to a lock-up period.

No [**REDACTED**] currently exists for our Shares. The initial [**REDACTED**] for our Shares to the [**REDACTED**] will be the result of negotiations between our Company and the [**REDACTED**] (on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the Shares following the [**REDACTED**]. We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, the Shares. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and [**REDACTED**] market for our Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the Shares will not decline following the [**REDACTED**].

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

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

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

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

***Should the* [REDACTED] *be higher than the net tangible book value per Share, subject to* [REDACTED]*, you may experience an immediate* [REDACTED] *in the book value of the* [REDACTED] *you* [REDACTED] *in the* [REDACTED].**

As the [**REDACTED**] of our H Shares is higher than the net tangible assets per Share immediately prior to the [**REDACTED**], [**REDACTED**] of our H Shares in the [**REDACTED**] may experience an immediate [**REDACTED**]. Our existing Shareholders will experience an increase in the [**REDACTED**] adjusted net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further [**REDACTED**] of their interest if we [**REDACTED**] additional H Shares in the future to raise additional capital.

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

We may finance our future cash needs through public or private offerings, debt financings, collaboration arrangements and licensing arrangements or other funding sources. Our Shareholders may experience [**REDACTED**] in their holdings if we [**REDACTED**] more securities in the future. New shares or share-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

In addition, we may seek additional capital due to favorable market conditions or strategic considerations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be [**REDACTED**], and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the [**REDACTED**] of our H Shares to decline.

Because we do not expect to pay dividends in the foreseeable future after the* [REDACTED]*, return on an* [REDACTED] *in our H Shares will depend on the* [REDACTED] *of our H Shares.

We currently intend to retain most, if not all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline drug candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. The timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, [**REDACTED**] in our H Shares will likely depend entirely upon any [**REDACTED**] of our H Shares. There is no guarantee that our H Shares will [**REDACTED**] after the [**REDACTED**] or even maintain the price at which you [**REDACTED**] the H Shares. You may not realize [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

***Regulations on currency conversion and remittance of Renminbi into and out of the PRC may limit our ability to pay dividends and other obligations and affect the value of your* [REDACTED].**

Conversion of Renminbi into foreign currencies and the remittance of foreign currency out of the PRC are subject to regulation by relevant PRC authorities. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Shares. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including the payment of dividends, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. Further, the PRC government may also restrict access to foreign currencies for current account transactions. If the

foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay certain of our expenses as they come due or to pay dividends in foreign currencies.

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

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, trading and [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares [**REDACTED**], and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] price of H Shares.

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

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

Facts, forecasts and statistics in this document obtained from official government sources relating to the pharmaceutical industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the pharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government sources. However, neither we, the [**REDACTED**], the Joint Sponsors, the [**REDACTED**] nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics official government sources, or ascertained the underlying economic assumptions relied upon in the relevant forecasts from such sources. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from official government sources, and you should not place undue reliance on them.

Forward-looking information in this document is subject to risks and uncertainties.

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the [**REDACTED**], we [have sought] the following waivers from strict compliance with the relevant provisions of the Listing Rules and a certificate of exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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.

Since all our 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 a regular and 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. Wu and Ms. Sham Ying Man (岑影文) ("**Ms. Sham**"), 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 (if any) 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;

(iii) **Compliance advisor:** We have appointed Patrons 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 of the Listing Rules, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the

Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. 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 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; and

(iv) **Legal advisors:** We will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the [**REDACTED**].

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 he/she played;

(ii) familiarity with the Listing Rules and other relevant law 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.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "Waiver Period") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

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 has been a member of the senior management for a period of time and is familiar with our Company's business and affairs as company secretary.

We have appointed Mr. Wu and Ms. Sham as our joint company secretaries. Since Mr. Wu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. Wu, we have appointed Ms. Sham, an associate member of both The Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Wu, for a three-year period from the [**REDACTED**] so as to enable Mr. Wu to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his 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 Mr. Wu as our joint company secretary. Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, such waiver [has been granted] on the conditions that:

(i) Ms. Sham is appointed as a joint company secretary to assist Mr. Wu in discharging his 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 Mr. Wu has access to the relevant training and support to enable him to familiarize himself 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 Mr. Wu on the principal requirements of

the Listing Rules and the Hong Kong laws and regulations applicable to our Company after the [**REDACTED**]. In addition, Mr. Wu will endeavor to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the [**REDACTED**];

(iii) Mr. Wu has confirmed that he 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 listed 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 Mr. Wu 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 Mr. Wu, having benefited from the assistance of Ms. Sham 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; and

(v) this waiver will be revoked immediately if and when Ms. Sham 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. Sham 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.

For biographical information of Mr. Wu and Ms. Sham, see the section headed "Directors and Senior Management."

[**REDACTED**]

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

[**REDACTED**]

[**REDACTED**]

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into, and are expected to continue to engage in a transaction which will constitute non-exempt continuing connected transaction of our Company under the Listing Rules upon the [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Rule 14A.105 of the Listing Rules; and (ii) the requirement of setting a monetary annual cap set out in Rule 14A.53 of the Listing Rules. For further details, see the section headed " Continuing Connected Transaction" in this document.

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Li Yuliang (李雨亮)	Room 301, Unit 2, Building 166 Zizai Xiangshan Haidian District Beijing, China	Chinese
Dr. Daniel Yunlong Du	Room 1001, Unit 2, 10th Floor Building 3, Courtyard 2 Liuquan Road, Fengtai District Beijing, China	American
Mr. Wu Xing (毋興)	No. 102, Unit 6, 1st Floor Building 1, Courtyard 12 Liuquan West Road Fengtai District Beijing, China	Chinese
Ms. Wang Hongmei (王紅峒)	Room 301, Unit 2, Building 166 Zizai Xiangshan Haidian District Beijing, China	Chinese
Non-executive Director		
Dr. Han Yongxin (韓永信)	Room 0601, Unit 1, 6th Floor Building 2, Guangxi Home Chaoyang District Beijing, China	Chinese
Independent Non-Executive Directors		
Mr. Zhang Qing (張青)	Room 206, Building 03 Fangshan Xiyuan, No. 1 Zhishan Road Jiangning District Nanjing Jiangsu, China	Chinese
Mr. Na Shuai (那帥)	Room 201, Unit 1, Building 11 Courtyard 2 West Tieying Middle Road Fengtai District Beijing, China	Chinese

Mr. Hu Wei (胡威)	1-402, Building 11 Zaoying Beili Chaoyang District Beijing, China	Chinese
Mr. Lang Xiaofeng (郎曉峰)	Unit E, 22/F Block 15 South Horizons Ap Lei Chau, Hong Kong	Chinese

Further information about our Directors and other senior management members are set out in "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
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CMBC International Capital Limited
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[**REDACTED**]

Legal Advisors to Our Company

As to Hong Kong law:

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KPMG
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CORPORATE INFORMATION

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Principal Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Company's Website	**www.primegenx.net** *(Note: the information on this website does not form part of this document)*
Joint Company Secretaries	Mr. Wu Xing (毋興) No. 102, Unit 6, 1st Floor Building 1, Courtyard 12 Liuquan West Road Fengtai District Beijing, China Ms. Sham Ying Man (岑影文) (HKCGI, CGI) Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Authorized Representatives	Mr. Wu Xing (毋興) No. 102, Unit 6, 1st Floor Building 1, Courtyard 12 Liuquan West Road Fengtai District Beijing, China Ms. Sham Ying Man (岑影文) (HKCGI, CGI) Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Audit Committee	Mr. Hu Wei (胡威) (Chairperson) Mr. Zhang Qing (張青) Mr. Na Shuai (那帥)

Remuneration Committee	Mr. Lang Xiaofeng (郎曉峰) (Chairperson) Mr. Hu Wei (胡威) Mr. Wu Xing (毋興)
Nomination Committee	Mr. Na Shuai (那帥) (Chairperson) Mr. Lang Xiaofeng (郎曉峰) Ms. Wang Hongmei (王紅峒)

[**REDACTED**]

Compliance Advisor	**Patrons Capital Limited** Unit 3214, 32/F, Cosco Tower 183 Queen's Road Central Sheung Wan, Hong Kong
Principal Banks	**Bank of Beijing Co., Ltd.** **Headquarters Base Branch** No. 5, Zone 3, Headquarters Base 188 South Fourth Ring West Road Fengtai District Beijing, China **Bank of Hangzhou** **Beijing Zhongguancun Branch** Fangzheng International Building No. 52 North Fourth Ring West Road Haidian District Beijing, China

The information and statistics contained in this section and elsewhere in this document are derived from the Frost & Sullivan Report commissioned by us, as well as various government official publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with this* [REDACTED]. *We believe the sources of such information to be appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. Information from official government sources has not been independently verified by us or the Joint Sponsors, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED] *or their respective directors, employees, agents or advisors, or any other parties involved in the* [REDACTED]*. The Joint Sponsors, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, their respective directors, employees, agents, or advisors, or any other person or party involved in the* [REDACTED] *make no representation as to the accuracy, fairness and completeness of the information from official government sources. For a discussion of risks relating to our industry, please see "Risk Factors."

OVERVIEW OF THE INFLAMMATORY IMMUNE DISEASES FIELD

Inflammatory immune diseases are a category of disorders triggered by abnormal immune system function. These diseases not only severely impact patients' quality of life, but also can be life-threatening in certain severe cases, rendering them a key area of focus in the global pharmaceutical industry. Inflammatory immune diseases can be categorized into autoimmune diseases and allergic diseases based on the nature of the immune abnormality and the tissues affected. Autoimmune diseases are characterized by the immune system mistakenly attacking the body's own tissues, which can affect multiple organ systems including joints, kidneys, skin and the cardiovascular system.

Driven by factors, such as the increasing prevalence of various autoimmune diseases, significant unmet clinical needs and advancements in research and development, the market of autoimmune disease drugs in China has witnessed a rapid growth in recent years. From 2019 to 2025, the market size of autoimmune disease drugs in China grew from RMB16.2 billion to RMB38.1 billion, representing a CAGR of 15.3%. It is expected that the market size will reach RMB228.6 billion by 2033.

Allergic diseases are characterized by an excessive reaction of the immune system to harmless exogenous substances (known as allergens), with affected tissues mostly concentrated in mucosal tissues in contact with the external environment and superficial tissues, such as the respiratory tract, skin and digestive tract. Advancements in precision medicine and emergence of new drugs are fueling the rapid expansion of China's allergic disease market. The market size of allergic disease drugs in China grew from RMB30.5 billion in 2019 to RMB66.1 billion in 2025, representing a CAGR of 13.7%. It is expected that such market size will reach RMB306.0 billion by 2033.

Market Drivers and Development Trends of Inflammatory Immune Disease Drugs Market

- ***Rising Prevalence Driven by Various Factors:*** In recent years, the global cases of autoimmune diseases have surged, affecting 380 million people, while nearly 30% of the world's population now live with allergic disease. This rapid growth is fueled by a synergy of accelerated urbanization, increased allergen exposure, lifestyle shifts, and impaired immune tolerance.

- ***Advancements in Medical Standards and Increase in Patients' Willingness to Seek Medical Treatment.*** In recent years, due to greater public health awareness, faster dissemination of medical knowledge, and the improvement of diagnostic and treatment methods, an increasing number of patients are receiving early diagnosis and actively seeking proper treatment. In recent years, clinical guidelines in therapeutic areas such as atopic dermatitis have explicitly

stipulated elevated medical standards, driving growing demand for innovative therapies. This not only drives the stable demand for existing drugs, but also lay a solid foundation for the market penetration of innovative therapies, thereby further supporting the sustained development of the sector.

- ***Diversification of Therapeutic Targets and Acceleration of Drug Development.*** In addition to traditional therapeutic targets like TNF-α, emerging targets such as JAK, BTK, IL-17 and IL-4R are also achieving breakthroughs, with related pipelines rapidly advancing into clinical trials and commercialization. The diversification of therapeutic targets not only expands treatment options to meet the diverse needs from different patient groups, but also encourages pharmaceutical companies to invest in innovative drug development, thereby injecting sustained momentum for innovation and growth potential into the market.

Entry Barriers for the Inflammatory Immune Diseases Drug Market

- ***Technological Barriers:*** The inflammatory immune disease drug market is characterized by significant technological barriers, particularly arising from the highly complex R&D processes. The successful drug development requires collective understanding of disease mechanisms to enable precise modulation of the immune system, which imposes high technological thresholds.

- ***Capital Barriers:*** Development of inflammatory immune disease drugs typically entails lengthy timeline and requires continuous and substantial capital investment across all stages. In addition, drug developers must establish advanced production facilities that comply with GMP and other applicable standards. Cumulative costs from these critical stages calls for substantial capital investment, posing challenges for new entrants with limited capital strength.

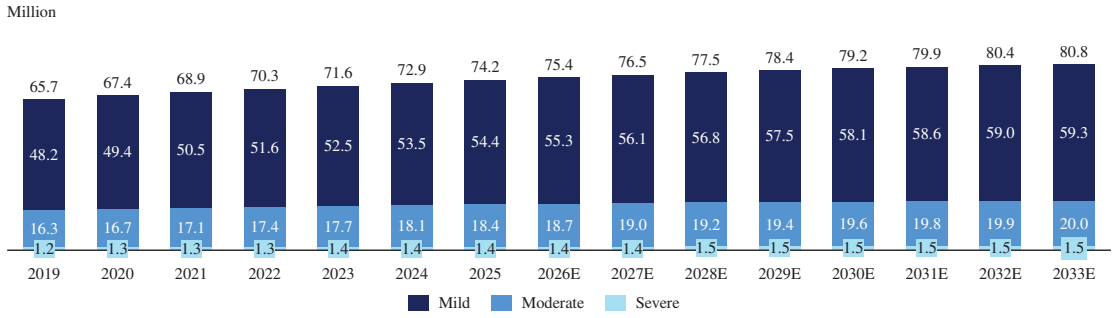
- ***Long-Term Development Cycle Barriers:*** The full R&D cycle for inflammatory immune disease drugs may last for a decade or even longer, with continuous capital investment required at each stage. Meanwhile, given the rapid pace of technological advancement coupled with the uncertainty on R&D outcome, growing R&D investment is imperative to address the complex disease mechanisms, and maintain market competitiveness.

OVERVIEW OF ATOPIC DERMATITIS DRUG MARKET

Atopic dermatitis ("**AD**") is a chronic and relapsing inflammatory skin disease characterized by the symptoms of pruritus and skin lesions, often coupled with exudative tendencies. According to the Scoring Atopic Dermatitis severity classification, AD can be categorized into mild, moderate, and severe categories. Among all AD patients, more than 70% have mild disease, over 20% have moderate disease, and only approximately 2% have severe disease.

The number of AD patients in China increased from 65.7 million to 74.2 million in 2025, with a CAGR of 2.0% from 2019 to 2025. By 2033, the number of AD patients in China is expected to reach 80.8 million. In 2025, there were approximately 6.1 million children with AD, approximately 2.0 million adolescents with AD, and approximately 63.7 million adults with AD. In 2025, there were approximately 72.8 million mild to moderate AD patients.

Number of Atopic Dermatitis Patients in China, 2019-2033E



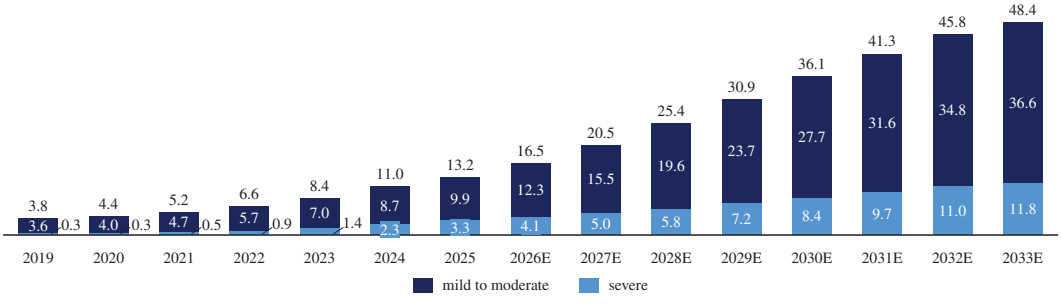
Source: Literature reviews, Frost & Sullivan Analysis

China's atopic dermatitis drugs market is poised for rapid expansion. While the continuous approval of innovative targeted therapies is addressing critical unmet needs in moderate-to-severe cases, the paradigm for mild-to-moderate AD is also shifting. Specifically, topical targeted agents in late-stage clinical development are expected to replace traditional corticosteroids, offering a safer alternative. The increasing diagnosis rate and rising penetration of innovative drugs are expected to propel the development of China's atopic dermatitis drugs market. In 2025, the market size for AD drugs in China was approximately RMB13.2 billion. By 2033, the market size is expected to reach RMB48.4 billion. In 2025, the market size for mild to moderate AD drugs in China was approximately RMB9.9 billion. By 2033, the market size is expected to reach RMB36.6 billion.

The faster CAGR from 2025 to 2029 is primarily driven by the continued expansion of China's AD treatment market from a relatively early stage, together with the increasing adoption of innovative therapies, particularly JAK inhibitors and biologics. In particular, both oral and topical JAK inhibitors are expected to support market growth by broadening treatment options across different disease severities and treatment settings. Growth during this period is also supported by the development of retail pharmacy, online prescription and internet-hospital channels, which are facilitating chronic disease management in dermatology. In addition, as disease severity progresses, clinical management may involve the combined use of multiple therapies, including systemic and topical treatments, which may further support market value growth. The moderation in CAGR from 2029 to 2033 mainly reflects the market approaching maturity and intensifying competition as more products, including JAK inhibitors and other targeted therapies, enter the market.

Historical and Forecasted of China's Atopic Dermatitis Drug Market Size, 2019-2033E

Period	CAGR		
	Mild to Moderate	Severe	Total
2019-2025	18.7%	52.9%	23.0%
2025-2029E	24.3%	21.7%	23.7%
2029E-2033E	11.5%	13.2%	11.9%



Source: Frost & Sullivan Analysis

Main Treatment Pathway of Mild to Moderate Atopic Dermatitis

For patients with mild to moderate AD, long-term adequate emollient therapy and moisturizing, coupled with avoidance of allergens and triggering irritants, constitute the foundational treatment. Clinically, topical corticosteroids ("**TCS**") are prioritized as first-line therapy for rapid inflammation control; non-steroidal topical anti-inflammatory agents, including topical calcineurin inhibitors ("**TCI**") and topical PDE4 inhibitors, may also be prescribed based on lesion location, patient age and tolerability.

Comparison of Main Drugs for Treating Mild to Moderate AD

Generic Name	Original Company[1]	Drug Class	Dosing Frequency	Drug Status	Approval Date	Annual Treatment Cost[2]	NRDL Status
Mometasone furoate	MSD	Topical Corticosteroids (TCS)	QD	Approved by NMPA	1998/1/1	18.3 RMB	List B
Pimecrolimus	Novartis	Topical Calcineurin Inhibitors (TCI)	BID	Approved by NMPA	2005/9/29	600.0 RMB	List B
Crisaborole	Anacor Pharmaceuticals	Topical PDE-4 Inhibitors	BID	Approved by NMPA	2020/7/29	635.2 RMB	List B
Ruxolitinib	Novartis	Topical JAK Inhibitors (Off-label Use)	BID	Approved by NMPA	2026/1/27	N/A	N/A
Benvitimod	Thederma	Aryl Hydrocarbon Receptor (AhR) Modulators	BID	Approved by NMPA	2024/11/22	2,189 RMB	List B

Note: 1. Several generic versions of mometasone furoate, pimecrolimus and crisaborole are already available on the market.
2. According to the package insert, the annual treatment duration for mometasone furoate is calculated based on a two-week regimen per year, while the annual treatment duration for pimecrolimus, crisaborole, ruxolitinib and benvitimod is calculated based on a two-month regimen per year.

Abbreviation: QD = Once Daily, BID = Twice Daily

Source: NMPA, Frost & Sullivan analysis

Traditional treatment options based on TCS and TCI offer advantages in cost and accessibility, however, long-term use carries safety concerns (e.g., skin atrophy) and poor tolerability in sensitive areas. These therapies struggle to simultaneously achieve the comprehensive treatment goals of "rapid itch relief, sustained anti-inflammatory action and long-term maintenance", which constrains effective long-term and standardized disease management.

Market drivers of the mild-to-moderate AD drug market

- ***The large patient population with mild-to-moderate AD in China provides a solid foundation for market growth:*** AD is one of the most common chronic inflammatory skin diseases in China. According to the *Chinese Guidelines for the Diagnosis and Treatment of AD* and multiple epidemiological studies, more than 95% of patients have mild-to-moderate disease. In 2025, the number of patients with mild-to-moderate AD in China reached approximately 72.8 million. The large patient population and the need for long-term disease management continue to support demand for topical therapies.

- ***The continuous update of clinical guidelines and expert consensus promotes standardized treatment of mild-to-moderate AD:*** The *Chinese Guidelines for the Diagnosis and Treatment of AD* and the *Expert Consensus on the Management of Therapeutic Agents for AD (2024 Edition)* recommend severity-based treatment, with emollients combined with topical anti-inflammatory therapies as the cornerstone of treatment for patients with mild-to-moderate AD, followed by proactive maintenance therapy to reduce relapse. The guidelines also standardize the clinical use of topical corticosteroids (TCS), topical calcineurin inhibitors (TCIs) and novel topical therapies such as topical Janus kinase (JAK) inhibitors. As standardized treatment continues to improve, the adoption of topical therapies is expected to increase, supporting the growth of the mild-to-moderate AD treatment market in China.

- ***Continuous innovation in topical therapies expands treatment options for mild-to-moderate AD:*** While TCS and TCIs remain the cornerstone of treatment, novel topical therapies, including phosphodiesterase-4 (PDE-4) inhibitors, JAK inhibitors and aryl hydrocarbon receptor (AhR) modulators, have expanded treatment options for patients with mild-to-moderate AD. These therapies offer improved efficacy, safety and convenience, supporting broader adoption of topical therapies and continued market growth.

Overview of JAK Inhibitors Market

JAK inhibitors act as a key "hub" to modulate inflammatory and immune responses. By binding to JAK family enzymes (JAK1/2/3), these agents block the JAKSTAT signaling pathway, suppressing pro-inflammatory cytokines. Beyond reducing inflammation, they promote skin barrier repair by upregulating proteins like filaggrin and interrupt the "itch-scratch" cycle by blocking IL-31 signaling.

Compared to the slower response of traditional topical corticosteroids or calcineurin inhibitors, JAK inhibitors can rapidly alleviate symptoms such as rash, erythema, exudation and intense pruritus within a short timeframe, thereby improving patients' quality of life. JAK inhibitors can effectively reduce the need for steroid use, for steroid-dependent patients, they can decrease the dosage of topical or systemic steroids, or even gradually replace steroids, thereby avoiding adverse reactions such as skin atrophy, telangiectasia and hepatorenal impairment induced by long-term steroid therapy.

The JAK inhibitor market in China experienced remarkable expansion, growing from RMB0.4 billion in 2019 to RMB6.1 billion in 2025, corresponding to a CAGR of 57.5%. This strong growth trajectory is projected to continue, with the market expected to reach RMB39.5 billion by 2033.

Competitive Landscape of AD

As of the LPD, a total of 11 drugs have been approved by the NMPA for the treatment of mild to moderate AD, including 8 TCS (fluocinolone acetonide, cortisone, mometasone, halometasone, clobetasone, halcinonide, betamethasone dipropionate + betamethasone, flumetasone), 1 TCI (pimecrolimus), 1 PDE4 inhibitor (crisaborole) and 1 aryl hydrocarbon receptor modulator (benvitimod).

As of the LPD, a total of 5 drugs for the treatment of mild-to-moderate AD have filed NDA applications with the NMPA, and another 4 drugs indicated for mild-to-moderate AD are in Phase III or Phase II/III clinical trials. All 9 agents are either JAK inhibitors or PDE4 inhibitors. The Group's pumecitinib gel completed its NDA submission on February 11, 2026.

Drug pipelines for mild to moderate AD Treatment in China

Target	Drug Name/Code	Company	Dosage Form	Clinical Stage	Latest Updated Date
JAK	**Pumecitinib**	**PrimeGenX Therapeutics**	**Gel**	**NDA**	**2026/2/11**
JAK	Tofacitinib etocomil	Minghui Pharmaceutical	Ointment	NDA	2026/4/3
PDE4	Difamilast	Otsuka Pharmaceutical	Cream	NDA	2025/9/26
PDE4	Roflumilast cream-ARQ-151	Arcutis Biotherapeutics	Cream	NDA	2025/10/31
JAK	Ruxolitinib Cream	Incyte	Cream	NDA	2026/2/24
JAK	VC005	Jiangsu Vcare Pharmatech	Gel	Phase III	2026/5/28
JAK	QLM3003	Qilu Pharmaceutical	Ointment	Phase III	2026/4/2
PDE4	HY-072808	Hefei medical and Pharmaceutical	Cream	Phase III	2024/6/15
JAK	Ivarmacitinib	Hengrui Pharma	Ointment	Phase II/III	2024/10/12

Note: Following discussions with the CDE, Hengrui Pharma voluntarily withdrew its NDA for Ivarmacitinib because further refinement of the application materials was required.

Source: CDE, Frost & Sullivan Analysis

Compared with other topical agents indicated for mild to moderate AD, PG-011 delivers prominent efficacy with a markedly superior safety profile. It exerts both anti-inflammatory and antipruritic effects, and its gel formulation provides a better application experience than conventional topical cream formulations. The following table illustrates the comparison between PG-011 and other topical agents for mild to moderate AD:

Comparison of topical agents for mild to moderate AD

Dimension	PG-011 (Topical JAK Inhibitor)	Topical Corticosteroids (TCS)	Topical Calcineurin Inhibitors (TCI)	Topical PDE4 Inhibitors
Clinical Advantages	Its efficacy is comparable to TCS and potent TCI, and superior to PDE4 inhibitors; its safety profile is better than TCS and TCI.	It is a first-line classic therapy with definitive efficacy, and its efficacy is superior to PDE4 inhibitors.	Its efficacy is generally comparable to TCS and JAK inhibitors, and superior to PDE4 inhibitors, with no hormonal side effects.	It is a non-hormonal agent with favorable safety profile, and inhibits inflammation in a targeted and precise manner.
Safety and Tolerability	The incidence of adverse events is comparable to that of the drug-free gel placebo group, with extremely low systemic side effects.	Long-term use is associated with severe local side effects; long-term application over large areas may also induce systemic side effects.	Application site irritation is common; it previously carried a black box warning for potential risks of skin cancer and lymphoma.	Application site irritation is common, predominantly presenting as mild-to-moderate burning, stinging or pruritus at the application site.
Medication Convenience	Administered twice daily; evaluations show that the gel formulation achieves higher user satisfaction than cream formulations.	Administered once daily; the dosage is gradually tapered according to disease condition in the later stage of treatment.	Administered twice daily; exposure to sunlight and ultraviolet light should be avoided or minimized during medication.	Administered twice daily; local irritation in some patients may affect long-term treatment adherence.
Annual Treatment Cost	RMB2,400~4,000	<RMB100	~RMB600	~RMB600

Note: The annual treatment cost for PG-011 is calculated based on the estimated price range after inclusion in the NRDL.

Source: Frost & Sullivan Analysis

The following table illustrates the Phase III clinical efficacy indicators of Pumecitinib gel compared to similar topical JAK inhibitors:

Comparison of Topical JAK Inhibitors

	Pumecitinib Gel		Ivarmacitinib Ointment			Ruxolitinib Cream					
	PG-011-AD-301 (BID, 8 Weeks)		(BID, 8 Weeks)			TRuE-AD1 (BID, 8 Weeks)			TRuE-AD2 (BID, 8 Weeks)		
Administration and Dosage Form	3% gel	Placebo	1% Ointment	0.5% Ointment	Placebo	1.5% cream	0.75% cream	Placebo	1.5% cream	0.75% cream	Placebo
Percentage Change in EASI	-70.2%	-32.5%	-62.8%	-61.9%	-43.2%	-77.2%	-72.2%	-40.5%	-74.7%	-74.8%	-28.9%
Percentage of Participants Achieving EASI75	53.8%	10.9%	45.1%	42.6%	17.9%	62.1%	56.0%	24.6%	61.8%	51.5%	14.4%
Percentage of Participants Achieving IGA Success	33.2%	3.4%	26.2%	21.3%	10.6%	53.8%	50.0%	15.1%	51.3%	39.0%	7.6%

Notes:

(1) Percentage Change in EASI (Eczema Area and Severity Index from baseline): the proportion/degree of improvement in the Eczema Area and Severity Index. Larger absolute value means better drug efficacy.

(2) Percentage of Participants Achieving EASI 75: the proportion of subjects with an improvement of 75% in EASI score from baseline.

(3) IGA: Investigator's Global Assessment, with a score range of 0-4 points, where zero indicates no skin lesions, and higher score means more severe symptoms.

(4) Percentage of Participants Achieving IGA Success: the proportion of participants whose IGA score is zero or one point after medication and has improved by at least two points from baseline, where higher value means better drug efficacy.

Source: Desk Research, Frost & Sullivan analysis

OVERVIEW OF ALLERGIC RHINITIS DRUGS MARKET

Allergic Rhinitis (AR) is a chronic inflammatory driven by IgE-mediated type 2 responses to inhaled allergens. Based on disease course and allergen exposure patterns, allergic rhinitis is typically categorized into seasonal allergic rhinitis and perennial allergic rhinitis. Seasonal AR is triggered by seasonal allergens like pollen (trees, grasses, weeds). Symptoms fluctuate with pollen counts and often include sneezing, rhinorrhea, and ocular irritation. Perennial AR is caused by year-round indoor allergens (dust mites, dander, mold, cockroaches), leading to persistent or recurrent symptoms throughout the year.

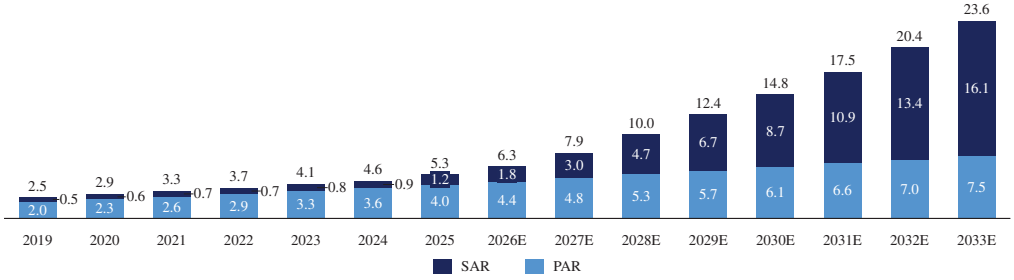
China's allergic rhinitis patient base is poised for sustained growth, driven by escalating exposure to seasonal and environmental allergens and a rising urban population, where prevalence is historically higher. The number of AR patients in China increased from 232.7 million in 2019 to 247.9 million in 2025. By 2033, the number of AR patients in China is expected to reach 269.6 million. In 2025, there were approximately 184.4 million SAR patients in China, and approximately 63.5 million PAR patients.

Traditional treatment modalities of AR patients, primarily antihistamines and corticosteroids, are increasingly limited by their side-effect profiles and suboptimal long-term adherence. The emergence of innovative targeted therapies, fast-tracked by recent policy reforms, has redefined the standard of care. These next-generation options offer superior safety profiles and sustained symptom control, greatly enhancing patient adherence. The convergence of an expanding patient base, accelerated regulatory approvals, and increasing penetration of innovative drugs is positioning China's AR market for a rapid growth. Market size for AR drugs in China increased from RMB2.5 billion in 2019 to RMB5.3 billion in 2025, with a CAGR of 13.4% from 2019 to 2025. By 2033, the market size for AR drugs in China is expected to reach RMB23.6 billion. Market size for SAR drugs in China increased from RMB0.5 billion in 2019 to RMB1.2 billion in 2025, with a CAGR of 16.3% from 2019 to 2025. By 2033, the market size for SAR drugs in China is expected to reach RMB16.1 billion.

The faster CAGR of China's SAR drug market from 2025 to 2029 is primarily driven by the continued expansion of the market from a relatively early stage, together with the increasing adoption of innovative therapies, particularly targeted therapeutic agents. Specifically, targeted agents with distinct mechanisms of action, including anti-IL-4Rα monoclonal antibodies, anti-IgE monoclonal antibodies and JAK inhibitors, are expected to be approved and launched successively during this period. By covering patients with moderate-to-severe refractory disease and broadening treatment options across different disease severities and treatment settings, they will serve as the core driver of market growth. Growth during this period is also supported by the development of retail pharmacy, online prescription and internet hospital channels, which improve medication accessibility for chronic allergic diseases and optimize long-term disease management models. In addition, as clinical standards for disease control are upgraded, the growing application of combination regimens comprising targeted therapies and conventional medications such as intranasal corticosteroids and oral antihistamines will further boost market value growth. The moderation in CAGR from 2029 to 2033 mainly reflects the gradual maturation of the market. Meanwhile, as more targeted therapeutic agents and other innovative therapies enter the market and intensify industry competition, the overall growth rate will decelerate accordingly.

Market Size and Forecast of Allergic Rhinitis Drugs in China, 2019-2033E

Period	CAGR		
	SAR	PAR	Total
2019-2025	16.3%	12.5%	13.4%
2025-2029E	52.0%	9.0%	23.7%
2029E-2033E	24.6%	7.2%	17.5%



Source: Frost & Sullivan Analysis

Main Treatment Pathway of Allergic Rhinitis

The management of allergic rhinitis follows an integrated framework that synergizes prevention with pharmacological intervention. This holistic approach, combining avoiding exposure to allergens, patient education, and standardized treatment, aims to achieve both rapid symptom relief and sustained disease control. The standard treatment strategies for SAR and PAR are highly consistent. Intranasal (local) therapy remains the cornerstone of treatment for most mild-to-moderate and certain moderate-to-severe cases. For patients with severe symptoms, poor response to topicals, or systemic comorbidities, systemic therapy is indicated. Furthermore, immunotherapy serves as a disease-modifying (etiological) strategy, inducing immune tolerance through the gradual administration of sublingual or subcutaneous allergens. In addition, targeted biologics have already been approved for the treatment of SAR, whereas no targeted biologics have yet been approved for PAR. Compared to SAR patients, PAR patients are often better suited for surgical intervention.

Comparison of Main Drugs for Treating AR

Generic Name	Original Company[1]	Drug Class	Dosing Frequency	Drug Status	Approval Date	SAR Annual Treatment Costs[2]	PAR Annual Treatment Costs[3]	NRDL Status
Loratadine	Bayer	Second-generation Oral Antihistamines	QD	Approved by NMPA	1993/1/3	12.0 RMB	36.0 RMB	List A
Azelastine	Viatris	Intranasal Antihistamines	BID	Approved by NMPA	2001/2/5	54.4 RMB	122.4 RMB	List B
Fluticasone furoate	GSK	Intranasal Corticosteroids	QD	Approved by NMPA	2012/6/1	218.2 RMB	654.6 RMB	List B
Budesonide	J&J		BID	Approved by NMPA	1997/1/1	79.8 RMB	239.4 RMB	List B
Montelukast	MSD	Leukotriene Receptor Antagonists (LTRA)	QD	Approved by NMPA	1999/1/1	82.6 RMB	247.9 RMB	List B
Omalizumab	Novartis	Biologics (Off-label Use)	Based on baseline IgE (IU/mL) and body weight (kg)	Approved by NMPA	2017/8/24	/	/	List B
Stapokibart	Keymed Bioscience	Biologics	Q3W	Approved by NMPA	2024/9/10	14,546 RMB	/	List B

Note: 1. Several generic versions of mometasone loratadine, budesonide, and montelukast are already available on the market. 2. According to the package insert, the SAR annual treatment duration for loratadine, azelastine, fluticasone furoate, budesonide and montelukast is calculated based on a two-month regimen per year, and stapokibart on a five-month regimen per year. 3. According to the package insert, the PAR annual treatment duration for loratadine, azelastine and montelukast is calculated based on a six-month regimen per year, while fluticasone furoate and budesonide are calculated based on a 27-week regimen per year.

Abbreviation: QD = Once Daily, BID = Twice Daily, Q2W = Every Two Weeks, Q3W = Every Three Weeks;

Source: NMPA, Frost & Sullivan analysis

While intranasal corticosteroids, antihistamines, and leukotriene receptor antagonists are the main therapies of AR treatment in China, they primarily offer temporary symptom relief. Despite their affordability and rapid onset, these traditional therapies do not alter the disease course, leading to a 60% relapse rate. As patient expectations for quality of life rise, there is a clear shift toward more targeted, user-friendly treatments with superior long-term safety.

Market drivers of the AR drug market

- **The large patient population with AR in China provides a solid foundation for market growth:** AR is one of the most common chronic allergic diseases in China. In 2025, the number of patients with AR in China reached approximately 247.9 million. The large patient population and the need for long-term disease management continue to support demand for AR therapies.

- **The continuous update of clinical guidelines promotes standardized pharmacological treatment for AR:** The *Guidelines for the Diagnosis and Treatment of AR (2022 Revision)* recommend severity-based treatment, with second-generation antihistamines, intranasal corticosteroids and leukotriene receptor antagonists as the main pharmacological treatment options. The guidelines also emphasize regular follow-up and long-term disease management to improve disease control. As standardized treatment continues to improve, the adoption of pharmacological therapies is expected to increase, supporting the growth of the AR treatment market in China.

- **Continuous innovation in AR therapies expands treatment options:** While antihistamines and intranasal corticosteroids remain the mainstay of treatment, novel therapies, including topical JAK inhibitors and biologics targeting type 2 inflammatory cytokines, are expanding treatment options for AR. These innovative therapies are expected to address unmet clinical needs and support continued market growth.

Analysis of Mechanism and Advantages of JAK Inhibitors

JAK inhibitors offer a multi-dimensional advantage in AR treatment through unique mechanism and delivery potential. By simultaneously blocking multiple Th2 pathways, they eliminate the residual inflammation often left by single-target therapies. When delivered via nasal spray, they provide targeted efficacy while mitigating the systemic risks (e.g., hematological or infectious) associated with oral formulations. This makes them a compelling new option for patients who are refractory to or intolerant of conventional medications.

Competitive Landscape of Allergic Rhinitis Treatment

As of the LPD, a total of 60 drugs have been approved by the NMPA for the treatment of AR. These comprise 4 intranasal corticosteroids, 17 second-generation oral antihistamines, 4 first-generation oral antihistamines, 2 intranasal antihistamines, 4 leukotriene modifiers, 4 mast cell stabilizers, 13 compound preparations, 1 biologic agent and 11 other drugs. Among these products, only fexofenadine, stapokibart and Artemisia pollen allergen sublingual drops are indicated exclusively for SAR; all other drugs are approved for both SAR and PAR.

As of the LPD, a total of 2 drugs for the treatment of AR have filed NDA applications with the NMPA, and another 7 drugs indicated for AR are in Phase III clinical trials. Of these 9 agents, 2 are indicated for AR, 6 for SAR, and 1 for PAR. The Group's pumecitinib nasal spray is in Phase III clinical stage.

Drug pipelines for AR Treatment in China

Target	Drug Name/Code	Company	Drug type	Dosage Form	Indication	Clinical Stage	Latest Updated Date
IL-4Rα	Comekibart	Mabgeek Biotech	Biologic	Subcutaneous injection	SAR	NDA	2026/4/23
IL-4Rα	Telikibart	Chongqing GenrixBio Biopharmaceutical	Biologic	Subcutaneous injection	SAR	NDA	2026/2/26
JAK	Pumecitinib	PrimeGenX Therapeutics	Chemical drug	Nasal Spray	SAR	Phase III	2025/12/27
IL-4Rα	SHR-1819	Hengrui Pharmaceutical	Biologic	Subcutaneous injection	SAR	Phase III	2026/7/6
HRH1, PTAFR	rupatifen	Fujian Mindong Lijiexun Pharmaceutical	Chemical drug	Oral	SAR	Phase III	2026/7/2
–	Acarizax	ALK-Abelló	Biologic	Oral	AR	Phase III	2026/5/18
–	MM09	Inmunotek/Hebo Pharmaceutical	Biologic	Oral	AR	Phase III	2026/4/15
IgE	LP-003	LongBio	Biologic	Subcutaneous injection	SAR	Phase III	2026/6/18
IL13	Lebrikizumab	Eli Lilly	Biologic	Subcutaneous injection	PAR	Phase III	2025/6/9

Source: CDE, Frost & Sullivan Analysis

Compared with other nasal spray agents indicated for AR, PG-011 delivers remarkable efficacy and an outstanding safety profile, with dosing convenience on par with that of other intranasal agents. PG-011 provides a novel therapeutic option for patients with moderate-to-severe AR who are unwilling to use intranasal corticosteroids or have corticosteroid intolerance, and is expected to become a new first-line treatment option for this patient population. The following table illustrates the comparison between PG-011 and other nasal spray agents for AR:

Comparison of nasal spray agents for AR

Dimension	PG-011 Nasal Spray	Intranasal corticosteroids	Intranasal second-generation antihistamines	Intranasal mast cell membrane stabilizers
Clinical Advantages	Improvements in nasal and ocular symptoms are superior or comparable to intranasal corticosteroids.	As a first-line classic therapy, it outperforms second-generation antihistamines in controlling nasal symptoms, while no significant difference is observed between the two in relieving ocular symptoms.	It effectively improves both nasal and ocular symptoms, with efficacy superior to intranasal mast cell stabilizers, and has a faster onset of action than corticosteroids and mast cell membrane stabilizers.	It has a relatively slow onset of action but favorable safety, and is suitable for long-term use or prophylaxis before the allergy season.
Safety and Tolerability	The incidence of adverse events is comparable to that of the drug-free nasal spray placebo group, with good tolerability.	Local adverse reactions involving the respiratory, thoracic and mediastinal systems are common but mild, with high systemic safety.	Favorable safety profile. Bitter taste is the main adverse reaction, and nasal irritation is rare.	Adverse reactions are rare and mild, with generally good tolerability.
Medication Convenience	Twice daily	Once to twice daily	Once to twice daily	3 to 4 times daily, with relatively poor convenience
Annual Treatment Cost	RMB400~600	RMB150~300	~RMB100	~RMB100

Note: The annual treatment cost for PG-011 is calculated based on the estimated price range after inclusion in the NRDL.

Source: Frost & Sullivan Analysis

The following table illustrates the clinical data of Pumecitinib nasal spray compared to other nasal spray therapy for AR:

Comparison of Nasal Spray Therapy for AR

	Pumecitinib Nasal Spray (IIa)				Pumecitinib Nasal Spray (IIb)				Olopatadine Hydrochloride and Mometasone Furoate Monohydrate Nasal Spray (GSP301)[1]			
	1.0%, BID	0.6%, BID	0.1%, BID	Placebo	0.6%, BID	0.6%, QD	0.3%, BD	Placebo	GSP301 (665μg/ 25μg, BID)	Olopatadine hydrochloride (665μg, BID)	Mometasone furoate (25μg, BID)	Placebo
Average baseline rTNSS	9.4	9.8	9.5	8.9	10.1	10.1	9.8	9.8	10.1	10.2	10.2	10.3
Change from baseline (LS mean)	-3.497	-3.479	-3.057	-2.295	-4.187	-3.008	-3.177	-1.983	-3.5	-3.1	-3.1	-2.4
LS mean difference (95% CI)	-1.202 (-2.193, -0.2119)[2]	-1.184 (-2.188, 0.180)[2]	-0.762 (-1.765, 0.240)[2]	n/a	-2.204 (-2.985, -1.423)[2]	-1.026 (-1.793, -0.258)[2]	-1.195 (-1.962, -0.427)[2]	n/a	n/a	-0.4 (-0.8, -0.1)[3]	-0.5 (-0.9, -0.1)[3]	-1.1 (-1.5, -0.7)[3]

Notes:

(1) Data extracted from the FDA-approved label for GSP301.

(2) Represents the LS mean difference in rTNSS between the relevant treatment group and the placebo group.

(3) Represents the LS mean difference in rTNSS between the relevant treatment/placebo group and the GSP301 treatment group.

Source: Desk Research, Frost & Sullivan analysis

OVERVIEW OF THE PRURITUS DRUG MARKET

Pruritus (itch) is one of the most common and life-quality-impairing symptoms across a wide range of dermatological and systemic diseases. It is observed in various dermatological diseases such as neurodermatitis and Olmsted syndrome. The total number of chronic pruritus patients in China increased from 255.7 million in 2019 to 263.1 million in 2025. By 2033, the number of chronic pruritus patients in China is projected to reach 272.7 million.

In particular, neurodermatitis is a common chronic inflammatory dermatological disease classified as a disorder of skin neurological function. Olmsted syndrome is a rare congenital dermatological disease with approximately 100 reported cases worldwide and has no targeted specific therapy available.

Main Treatment Pathway of Pruritus

Pruritus management follows disease-specific guidelines through a tiered, multi-modal approach. Using neurodermatitis as a model, the paradigm integrates anti-inflammation, barrier repair, and behavioral intervention. While topical corticosteroids remain the first-line therapy for mild-to-moderate cases, systemic therapy, combining second-generation antihistamines and sedatives, is reserved for refractory pruritus or comorbidities to modulate neuroimmune responses. Current pruritus therapies often provide symptomatic relief at the cost of long-term metabolic or infectious risks. Furthermore, the varied drug responses across neuropathic and inflammatory subtypes underscore the need for precision molecular subtyping. Consequently, China's R&D landscape is shifting toward biologics and small-molecule targeted drugs, which are poised to displace traditional antihistamines and broad-spectrum immunosuppressants through personalized, high-efficacy interventions.

Analysis of Mechanism and Advantages of TRPV3 Inhibitor

The core mechanism of action for TRPV3 inhibitor is to block the pathological cascade reaction mediated by abnormally activated TRPV3 channels. Compared to traditional modalities, it offers four distinct advantages: (1) Precision Targeting: It selectively targets localized cutaneous TRPV3, eliminating risks of central sedation or systemic immunosuppression. (2) Restorative Efficacy: Beyond symptomatic relief, it actively repairs the skin barrier by modulating keratinocyte function, addressing a critical gap left by neural-only inhibitors. (3) Broad Applicability: Its efficacy extends to both histamine-mediated and non-histamine-mediated pathways, making it effective for a wider range of acute and chronic pruritus. (4) Superior Safety Profile: As a topical agent, it maintains high local concentrations while minimizing systemic exposure.

Competitive Landscape of Pruritus Treatment

As of the Latest Practicable Date, the drugs approved in China for the treatment of pruritus mainly included second-generation antihistamines, most of which have been included in the centralized procurement. As of the Latest Practicable Date, there were 18 drug candidates for the treatment of pruritus in China. Among these, PG-033 developed by PrimeGenX Therapeutics is the only TRPV3 inhibitor, which is currently in Phase I clinical stage. The following is a list of the drug pipelines for the pruritus in China:

Drug pipelines for the Pruritus in China

Target	Drug Name/Code	Company	Indication	Drug Type	Clinical Stage	Latest Update Date
KOR	Anrikefon	Haisco	Uremic pruritus, pruritus, chronic pain	Chemical Drug	Phase III	2024-08-21
	Nalfurafine hydrochloride	3SBio	Hepatic pruritus	Chemical Drug	Phase III	2026-02-02
	STC007	Sun-Novo Pharma	Uremic pruritus	Chemical Drug	Phase II	2025-09-01
	Difelikefalin	CSL	Uremic pruritus	Chemical Drug	Phase II	2025-08-26
	KL280006	Kelun	Uremic pruritus	Chemical Drug	Phase II	2023-04-28
	RFUS-144	Humanwell	Pruritus, chronic pain, acute pain	Chemical Drug	Phase I	2024-07-12
	SHR 0410	Hengrui	Uremic pruritus	Chemical Drug	Phase I	2021-03-14
ASBT	Linerixibat	GSK	Cholestatic pruritus	Chemical Drug	Phase III	2025-01-13
	Volixibat	Cambrex / Mirum	Cholestatic pruritus, primary biliary cholangitis	Chemical Drug	Phase II	2024-12-27
HRH1	Olopatadine	Sihuan Kebao	Erythema multiforme, eczema, pruritus, dermatitis, urticaria, allergic rhinitis, plaque psoriasis	Chemical Drug	Phase I	2026-01-05
IL-4Rα	Dupilumab	Sanofi	Pruritus	Biological products	Phase III	2022-09-14
TRPV3	**PG-033**	**PrimeGenX Therapeutics**	**Pruritus**	**Chemical Drug**	**Phase I**	**2026-06-15**
GR	PA9060	Plato	Eczema, pruritus, neurodermatitis	Chemical Drug	Phase I	2025-12-28
OPR	RFUS-250	Humanwell	Pruritus, chronic pain, acute pain	Chemical Drug	Phase I	2025-04-03
MRGPRX4	HEP-50768	Haipai Tech	Cholestatic Pruritus and CKD Pruritus	Chemical Drug	Phase I	2026-04-20
IL-31	ATTO-1310	Attovia Therapeutics	Cholestatic Pruritus	Chemical Drug	Phase I	2026-06-11
-	SK-07	Consun	Uremic pruritus	Chemical Drug	Phase I	2024-11-11
-	WS012	Sino-US Huashitong	Primary sclerosing cholangitis	Chemical Drug	Phase I	2024-10-29

* As of July 15, 2026

Source: CDE, Frost & Sullivan Analysis

OVERVIEW OF THE MEMBRANOUS NEPHROPATHY DRUG MARKET

Membranous nephropathy (MN) is an immune-mediated glomerular disease characterized pathologically by diffuse thickening of the glomerular basement membrane. The total number of MN patients in China increased from 2.3 million in 2019 to 2.5 million in 2025. By 2033, the number of MN patients in China is projected to reach 2.8 million.

Main Treatment Pathway of Membranous Nephropathy

The treatment of membranous nephropathy is a comprehensive process with the core objectives to reduce proteinuria, control blood pressure, protect renal function and prevent complications. It follows a stepwise process comprising induction of remission, maintenance therapy and complication management, with treatment regimens dynamically adjusted based on patient risk stratification. As no drugs have been approved by the NMPA for the treatment of membranous nephropathy, clinical treatment for membranous nephropathy is currently often administered off-label.

Currently no specific drugs have been approved for the indication of membranous nephropathy globally, and clinical treatment pathways mainly rely on off-label drug use. Current regimens mostly adopt non-specific supportive treatment with drugs such as angiotensin-converting enzyme inhibitors (ACEI) or angiotensin receptor blockers (ARB), which aim to alleviate clinical manifestations including proteinuria, hypertension and edema. These regimens fail to implement precision intervention targeting the core pathological mechanisms specific to membranous nephropathy, such as immune complex deposition and podocyte injury, and thus cannot fundamentally block disease progression.

Generic Name	Brand Name	Drug Class	Dosing Frequency	Drug Status	NMPA Approval Date	Price	NRDL Status
Rituximab	MabThera	Anti-CD20 Monoclonal Antibody (First-generation)	Q2W (2-dose regimen)/ QW (4-dose regimen)	Approved by NMPA	2002/12/23	RMB744.4 (10 ml: 100 mg)	List B
Obinutuzumab	Gazyva	Anti-CD20 Monoclonal Antibody (Next-generation)	Q2W	Approved by NMPA	2021/6/1	RMB9,369 (40 ml: 1 g)	List B
Cyclophosphamide	Endoxan	Alkylating Agents	QD	Approved by NMPA	2001/3/14	RMB74.1 (14 tablets)	List B
Cyclosporine	Sandimmun	Calcineurin Inhibitors (CNI)	BID	Approved by NMPA	1994/5/27	RMB567.5 (50 ml: 5 g)	List B
Daratumumab	DARZALEX	Anti-CD38 Monoclonal Antibody (Plasma Cell-targeting)	Weeks 1-8: QW; Weeks 9-24: Q2W; From Week 25: QM until disease progression or treatment discontinuation	Approved by NMPA	2019/7/4	RMB1,279.61 (5 ml: 100 mg)	List B
Iptacopan	FABHALTA	Complement Inhibitor	BID	Approved by NMPA	2024/4/24	RMB15,400 (56 tablets)	List B
Belimumab	BENLYSTA	Anti-BLyS/BAFF Monoclonal Antibody	First 3 doses: Q2W; From the 4th dose: QM	Approved by NMPA	2019/7/12	RMB755.0 (120 mg)	List B

Abbreviation: QD = Once Daily, BID = Twice Daily, QW = Once Weekly, Q2W = Every Two Weeks, QM = Once Monthly;

Source: NMPA, Frost & Sullivan analysis

Immunosuppressive regimens used for moderate-to-high-risk patients (e.g., glucocorticoids combined with alkylating agents or calcineurin inhibitors) generally suffer from a narrow therapeutic window. Long-term or cumulative dosage often leads to systemic adverse reactions including myelosuppression, hepatorenal function impairment, severe secondary infections and glucose-lipid metabolism disorders. Clinics face a dilemma between pursuing disease remission and controlling drug toxicity, and the tolerance and compliance of patients with long-term medication have become a bottleneck in treatment.

Analysis of Mechanism and Advantages of JAK/ROCK Dual-Target Inhibitors

JAK/ROCK dual-target inhibitors exert therapeutic effects by intervening in the core pathological processes of membranous nephropathy through multiple dimensions. The core advantage of this dual-target strategy lies in synergistic efficacy enhancement, which not only inhibits immune-inflammatory responses at the source but also directly protects intrinsic glomerular cells and exerts anti-fibrotic effects.

Competitive Landscape of Membranous Nephropathy Treatment

Currently, no drugs have been approved by the NMPA for the treatment of membranous nephropathy in China. As of the Latest Practicable Date, there were 25 drug candidates for the treatment of membranous nephropathy in China, among which PG-018 developed by the Company is the only JAK/ROCK inhibitor and is currently in Phase I clinical trial.

The following is a list of the drug pipelines for the treatment of membranous nephropathy in China.

Drug Pipelines for the Membranous Nephropathy in China

Target	Drug Name/Code	Company	Drug Type	Clinical Stage	Latest Update Date
CD38	Felzartamab	I-Mab	Biological products	Phase III	2026-01-23
CD20	Obinutuzumab	Roche	Biological products	Phase III	2025-02-15
	zuberitamab	BioRay	Biological products	Phase II	2026-02-28
	B007	SPH Crosslink	Biological products	Phase II/III	2024-08-06
	MIL62	Tiangshi	Biological products	Phase III	2024-01-07
BTK	Zanubrutinib	BeiGene	Chemical Drug	Phase II/III	2026-01-21
	Edralbrutinib	Rheos Bio	Chemical Drug	Phase II	2023-08-26
	Civorebrutinib	Everest	Chemical Drug	Phase I	2024-01-08
APRIL / BAFF	Povetacicept	Zai Lab	Biological products	Phase II/III	2025-12-04
	SSS68	3SBio	Biological products	Phase I	2026-06-02
IFNAR1 / APRIL / BAFF	SHR-2173	Hengrui	Biological products	Phase II	2026-01-28
CD20 / CD47	JMT601	Genevant	Biological products	Phase II	2025-09-11
Sialoglycan	Efgitasialase alfa	Henlius	Biological products	Phase II	2025-07-23
CFH	ALXN1920	AstraZeneca	Biological products	Phase II	2026-02-10
CD19	Budoprutug	Climb Bio	Biological products	Phase II	2026-05-25
TRPC6	Apecotrep	Almac Group / BI	Chemical Drug	Phase II	2026-05-22
CD20 / CD3	MSC303	Tiangshi	Biological products	Phase I/ II	2025-06-12
CD19 / BCMA	FKC289	Fosun Kairos	Biological products	Phase I/ II	2026-05-21
CD19 / CD3	YK012	Exscientia	Biological products	Phase I	2025-06-10
JAK / ROCK	**PG-018**	**PrimeGenX Therapeutics**	**Chemical Drug**	**Phase I**	**2024-11-01**
MC2R	KKD001	Concord	Biological products	Phase I	2025-11-07
CFB	HSK39297	Haisco	Chemical Drug	Phase I	2025-01-11
	HRS-5965	Shengdi	Chemical Drug	Phase I	2024-11-10
C3	QLS7305	Qilu Pharma	Chemical Drug	Phase I	2026-07-06
-	HS-10398	Hansoh	Chemical Drug	Phase I	2024-04-23

* As of July 15, 2026

Source: CDE, Frost & Sullivan Analysis

OVERVIEW OF THE GLAUCOMA DRUG MARKET

Glaucoma is a group of degenerative eye diseases characterized primarily by pathological elevation of intraocular pressure (IOP) and progressive damage to the optic nerve. The total number of glaucoma patients in China increased from 20.5 million in 2019 to 23.8 million in 2025. By 2033, the total number of glaucoma patients in China is expected to reach 28.8 million.

Main Treatment Pathway of Glaucoma

The treatment for glaucoma aims to maintain and preserve patients' visual function in the long run. Focused on intraocular pressure (IOP) control, the treatment takes a tiered strategy, and delivers individualized interventions through a combination of topical medications, laser therapy and surgical treatment. However, the current pharmacological, laser, and surgical therapies primarily target IOP reduction and cannot reverse optic nerve damage. Some patients are intolerant to or show insufficient response to existing drugs, creating an urgent need for novel neuroprotective or targeted mechanism-based therapies.

As of the Latest Practicable Date, six drugs had been approved by the NMPA in China for the treatment of glaucoma. Concurrently, there are six drug candidates for glaucoma in clinical stages, with two in Phase III clinical stages, three in Phase II clinical stages, and one in Phase I clinical stages.

Source of Industry Information

In connection with this [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis of our market and prepare an industry report. Frost & Sullivan, founded in 1961 and based in the United States, is an independent global market research and consulting firm. The company provides services including market assessment, competitive landscape analysis, and strategic and market planning for multiple industries. We have included excerpts from the Frost & Sullivan Report in this Document as we believe such information will assist potential [**REDACTED**] in understanding our market environment.

The Frost & Sullivan Report was prepared by Frost & Sullivan based on its internal databases, independent third party reports, and publicly available information from authoritative industry organizations. Frost & Sullivan believes that the fundamental assumptions (including those used for future forecasts) adopted in preparing the Frost & Sullivan Report are factual, accurate, and not misleading. We have agreed to pay Frost & Sullivan a fee of RMB580,000 for preparing the Frost & Sullivan Report. This payment is not conditional upon the success of our [**REDACTED**] or the contents of the Frost & Sullivan Report.

Other than the Frost & Sullivan Report, we have not commissioned any other industry report in connection with this [**REDACTED**]. Our Directors confirm that, upon reasonable and prudent care, there have been no material adverse changes in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or affect such information.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the major PRC regulatory authorities and PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

REGULATIONS ON FOREIGN INVESTMENT

Investment activities in the PRC by foreign investors are principally governed by the *Catalog of Encouraged Industries for Foreign Investment (2025 version)* (《鼓勵外商投資產業目錄》(2025年版)) (the "**Encouraged Catalog**"), and the *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version)* (《外商投資准入特別管理措施(負面清單)》(2024年版)) (the "**2024 Negative List**"), which are promulgated and amended from time to time by the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "**MOFCOM**") and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the "**NDRC**"), and together with the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**FIL**") and its respective implementation rules and ancillary regulations.

In March 2019, the FIL was promulgated by National People's Congress (中華人民共和國全國人民代表大會) (the "**NPC**") and came into effect on January 1, 2020, which replaced three then existing laws on foreign investments in China, namely, the *Sino-Foreign Equity Joint Venture Enterprise Law of PRC* (《中華人民共和國中外合資經營企業法》), the *Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC* (《中華人民共和國中外合作經營企業法》) and the *Wholly Foreign-owned Enterprise Law of PRC* (《中華人民共和國外資企業法》). The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the 2024 Negative List, and the State Council (中華人民共和國國務院) shall promulgate or approve a list of special administrative measures for access of foreign investments. To ensure the effective implementation of the FIL, the *Regulations on Implementing the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》), was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

In December 2019, the MOFCOM and the State Administration for Market Regulation (國家市場監督管理總局) (the "**SAMR**") promulgated the *Measures on Reporting of Foreign Investment Information* (《外商投資信息報告辦法》), which came into effect on January 1, 2020. After the *Measures on Reporting of Foreign Investment Information* came into effect, the *Interim Measures for the Administration of Filing for Establishment and Changes in Foreign Investment Enterprises* (《外商投資企業設立及變更備案管理暫行辦法》) have been repealed simultaneously. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the relevant commerce administrative authorities according to the *Measures on Reporting of Foreign Investment Information*.

According to the *Measures for the Security Review of Foreign Investment* (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or may have an impact on national security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern national security while obtaining the actual control over the enterprises invested in.

REGULATIONS ON PHARMACEUTICAL PRODUCT

The pharmaceutical manufacturing industry in the PRC is primarily subject to regulatory oversight by the following departments under the State Council, namely, the National Medical Products Administration of the PRC (中華人民共和國國家藥品監督管理局) (the "**NMPA**", formerly the China Food and Drug Administration (國家食品藥品監督管理總局) (the "**CFDA**")), the National Healthcare Security Administration of the PRC (中華人民共和國國家醫療保障局), the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) (the "**NHC**"), the NDRC, the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部), and the Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部).

Drug Regulatory Regime

The *Drug Administration Law of the PRC* (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**") was promulgated by the Standing Committee of the NPC (全國人民代表大會常務委員會) (the "**SCNPC**"), in September 1984, last amended on August 26, 2019 and became effective on December 1, 2019. 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》) (the "**Implementation Regulations**") was promulgated by the State Council in August 2002, and was last amended in January 16, 2026, and will become effective on May 15, 2026. The *Drug Administration Law* and the *Implementation Regulations* have jointly established the legal framework for the administration of pharmaceutical products in the PRC, including the research, development and manufacturing of drugs. The *Drug Administration Law* applies to entities and individuals engaged in the development, production, trade, application, supervision and administration of pharmaceutical products, which regulates and provides for a framework for the administration of pharmaceutical manufacturers, pharmaceutical trading companies and medicinal preparations of medical institutions, and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products. The Implementation Regulations, at the same time, provides the detailed implementation regulations on the Drug Administration Law.

In 2017, the drug regulatory system entered a new and significant period of reform. The General Office of the State Council (中華人民共和國國務院辦公廳) and the General Committee of the Communist Party of China (中國共產黨中央委員會) jointly issued an *Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices* (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "**Innovation Opinions**") in October 2017. According to the Innovation Opinions, institutions for drug clinical trials should establish an independent ethics committee and the clinical trial schemes are subject to examination, approval and signing with approval opinions by the ethics committee before implementation, in order to protect the rights and interests of human subjects in clinical trials. For a multi-center clinical trial conducted in the PRC, after ethical review by the leader unit of clinical trial, other member units should recognize the review results of the leader unit and may not conduct repeated review. In addition, the expedited programs, the record-filing system, the prioritized review mechanism, the acceptance of foreign clinical data under the Innovation Opinions and other recent reforms encourage drug marketing authorization holders to seek marketing approval in China first for the development of drugs in highly prioritized therapeutic areas such as oncology or rare disease areas.

To implement the regulatory reform introduced by Innovation Opinions, the SCNPC and the NMPA, as well as other authorities, are currently responsible for revising the laws, regulations and rules regulating the pharmaceutical products and the industry.

Application for Clinical Trial

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》) promulgated by the CFDA on March 17, 2017, the decision on the approval of clinical trials of drugs shall be made by the Center for Drug Evaluation (國家藥品監督管理局藥品審評中心) (the "**CDE**") from May 1, 2017. According to the *Administrative Measures for Drug Registration* (《藥品註冊管理辦法》) (the "**Registration Measures**"), which was promulgated on January 22, 2020 and took effect on July 1, 2020, drug clinical trials shall be divided into Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial, and bioequivalence trial. After the completion of the pharmaceutical, pharmacological and toxicological research of the drug clinical trial, the applicant may submit relevant research materials to the CDE for applying for the approval to conduct drug clinical trial. The CDE will organize pharmaceutical, medical and other technicians to review the application and to decide whether to approve the drug clinical trial within 60 days of the date of acceptance of the application. Once the decision is made, the result will be notified to the applicant through the website of the CDE and if no notice of decision is issued within the aforementioned time limit, the application of clinical trial shall be deemed as approval. In accordance with Registration Measures and the *Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs* (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, if a clinical trial applicant does not receive any negative or questioned opinions from the CDE within 60 days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE.

The Registration Measures further requires that the applicant shall, prior to conducting the drug clinical trial, register the information of the drug clinical trial plan, etc. on the Drug Clinical Trial Information Platform. After obtaining the approval of clinical trial, the applicant must complete the clinical trial registration at the Drug Clinical Trial Information Platform for public disclosure in accordance with the *Circular on Drug Clinical Trial Information Platform* (《關於藥物臨床試驗信息平台的公告》), which came into effect on September 6, 2013, and the *Standard for the Management of Drug Clinical Trial Registration and Information Disclosure (Trial)* (藥物臨床試驗登記與信息公示管理規範(試行)), which came into effect on July 1, 2020. The applicant shall complete the trial pre-registration within one month after obtaining the approval of the clinical trial application in order to obtain the trial's unique registration number and complete registration of certain follow-up information before the first subject's enrollment in the trial. If the registration is not completed within one year after the approval, the applicant shall submit an explanation, and if the first submission is not completed within three years, the approval of the clinical trial application shall automatically expire. During the drug clinical trials, the applicant shall update registration information continuously, and register information of the outcome of the drug clinical trial upon completion.

Accelerated Approval for Clinical Trial and Registration

The *Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices* (《關於改革藥品醫療器械審評審批制度的意見》) issued by the State Council in August, 2015, established a reform framework of the evaluation and approval system for drugs and medical devices, and indicated the tasks of enhancing the standards of approval for drug registration, accelerating the evaluation and approval process for innovative drugs, and improving the approval for clinical trials of drugs, etc.

The CFDA released the *Circular Concerning Several Policies on Drug Registration Review and Approval* (《關於藥品註冊審評審批若干政策的公告》) in November 2015, which clarified the measures and policies regarding simplifying and accelerating the approval process of clinical trials, including but not limited to a one-time approval procedure allowing the overall approval of all phases of a drug's clinical trials, replacing the phase-by-phase application and approval.

The Innovation Opinions established a framework for reforming the evaluation and approval system for drugs, medical devices and equipment. The Innovation Opinions indicated enhancing the standard of approval for drug marketing registration and accelerating the evaluation and approval process for innovative drugs as well as improving the approval of drug clinical trials.

According to the *Announcement on Matters Concerning the Optimization of Drug Registration Review and Approval* (《關於優化藥品註冊審評審批有關事宜的公告》) jointly issued by the NMPA and the NHC in May 2018, the CDE will prioritize the allocation of resources for review, inspection, examination and approval of registration applications that have been included in the scope of fast track clinical trial approval.

In July 2020, the NMPA issued the *Evaluation and Approval Procedures for Breakthrough Therapeutic Drugs (Trial)* (《突破性治療藥物審評工作程序(試行)》), the *Evaluation and Approval Procedures for Conditionally Approved Drugs (Trial)* (《藥品附條件批准上市申請審評審批工作程序(試行)》) and the *Priority Review and Approval Procedures for Drug Marketing Authorizations (Trial)* (《藥品上市許可優先審評審批工作程序(試行)》) and on April 22, 2026, the NMPA further revised and promulgated the *Review and Approval Procedures for Conditional Approval of Drug Marketing Applications* (《藥品附條件批准上市申請審評審批工作程序》). These measures stipulate the applicable working procedures for drugs application that meet respective eligibility criteria. For instance, at the time of application for drug marketing authorization, the following drugs which have obvious clinical value may apply for prioritized review and approval procedures: (i) clinically and urgently needed but insufficient drugs, innovative drugs and improved new drugs for prevention and treatment of major contagious diseases and rare diseases; (ii) new pediatric use pharmaceutical products, dosage form and specifications which comply with pediatric physiological characteristics; (iii) vaccines and innovative vaccines urgently needed for prevention and control of diseases; (iv) drugs included in the procedures for breakthrough therapy designation; (v) drugs which comply with conditional approval criteria; and (vi) other circumstances entitled to prioritized review as stipulated by the NMPA. Upon communication and confirmation with the CDE, when the applicant submits the application for drug marketing authorization, the applicant shall simultaneously submit an application for prioritized review and approval. If an application satisfies one of the foregoing criteria, the CDE shall announce so and admit the application in the prioritized review and approval procedures. The following policy support shall be granted to an application for drug marketing authorization admitted in the prioritized review and approval procedures: (i) the review period shall be limited to no more than 130 days; (ii) for clinically and urgently needed imported drugs for rare diseases which are not yet marketed in the PRC, the review period shall be limited to no more than 70 days; (iii) priority shall be granted to examination, inspection and approval of the commonly used name of drugs (if applicable); and (iv) upon communication and confirmation, supplementary supporting materials may be required.

In July 2024, the State Council executive meeting considered and passed the *Implementation Plan for Supporting Innovative Drug Development Across the Whole Chain* (《全鏈條支持創新藥發展實施方案》), which requires strengthening the policy guarantee in the whole chain, coordinating the use of policies on price management, payment of medical insurance, commercial insurance, drug dispensing and use, investment and financing, etc., optimizing the review and approval and the assessment mechanism of medical institutions, and jointly boosting the breakthrough development of innovative drugs.

Conduct of Clinical Trial

After obtaining clinical trial approval, the applicant shall conduct clinical trials at qualified clinical trial institutions. The qualified clinical trial institution refers to institutions that have the conditions to conduct clinical trials in accordance with the requirements and technical guidelines set forth in the *Regulations for the Administration of Drug Clinical Trial Institutions* (《藥物臨床試驗機構管理規定》), which came into effect on December 1, 2019. Such clinical trial institutions shall be subject to filing requirements, with the exception of institutions that only engage in analysis of biological samples which shall not be subject to such filing requirements. The NMPA is

responsible for setting up a filing management information platform for the registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information from the supervision and inspection activities conducted by the drug regulatory authorities and competent healthcare authorities.

The applicant filing an application for clinical drug trial after completing the pharmaceutical research, pharmacological and toxicological research, and other researches supporting clinical drug trial shall submit relevant research materials according to the requirements for the application materials. The applicant who intends to carry out a bioequivalence test shall, after undergoing the recordation formalities for bioequivalence test at the website of the CDE as required, carry out relevant research work according to the plan recorded. The applicant who is approved to carry out clinical drug trial 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 Center for Drug Evaluation. Where indications (or functions) are intended to be added for a drug approved for clinical drug trial and the use of a drug in combination with other drugs is added, the applicant shall file a new application for clinical drug trial, and may only carry out new clinical drug trial with approval.

The *Announcement on Issuing the Guidelines for General Considerations for Clinical Trials on Drugs* (《關於發佈藥物臨床試驗的一般考慮指導原則的通告》) promulgated by the NMPA in January 2017 provides technical guidelines for applicants and investigators in formulating overall research and development plan of drugs and separate clinical trial and provides references for evaluation of the technical standards of the drugs.

According to the *Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs* (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of new investigational drug has been approved, upon the completion of Phase I and Phase II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for communication meetings to the CDE to discuss with the CDE the key technical questions including the design of the Phase III clinical trial protocol. According to the *Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs* (《藥物研發與技術審評溝通交流管理辦法》), revised by the NMPA on April 1, 2026, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development stages of drugs, mainly including meetings before submitting the clinical trial application, meetings upon the completion of Phase II trials and prior to the Phase III trials, meetings before submitting the marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to other meetings not classified as Type I or Type II.

Multi-Regional Clinical Trials and Acceptance of Overseas Clinical Trial Data

On January 30, 2015, the CFDA promulgated the *Multi-Regional Clinical Trial Guidelines (Trial)* (《國際多中心藥物臨床試驗指南(試行)》) (the "**MRCT Guidelines**"), which took effect on March 1, 2015, to provide guidance for the regulation of application, implementation and administration of international multi-center clinical trials in China. Pursuant to the MRCT Guidelines, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicant plans to make use of the data derived from the international multi-center clinical trials for application for approval of new drug registration, such international multi-center clinical trials shall satisfy the requirements set forth in the Drug Administration Law and its implementation regulations and relevant laws and regulations.

On October 8, 2017, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the *Opinion on Strengthening the Reform of the Drug and Medical Device Review and Approval Process to Encourage Drug and Medical Device Innovation* (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) which stipulates that overseas clinical trial results are acceptable in China. Data derived from overseas clinical trials can be used in application for registration of drugs and medical devices if the data satisfy the registration requirement for drugs and medical devices in China. For initial application for marketing of pharmaceutical products and medical devices in China, the applicants are required to provide clinical trial data to indicate whether there will be difference of trial results among different ethnic groups.

On July 6, 2018, the NMPA issued the *Technical Guiding Principles for the Acceptance of the Overseas Clinical Trial Data of Drugs* (《接受藥品境外臨床試驗數據的技術指導原則》) (the "**Guiding Principles**"), which provides that overseas clinical data can be submitted for all kinds of registration applications in China, including the clinical trial authorization and new drug registration. The Guiding Principles clearly list the basic principles and requirements on the acceptance of overseas clinical trial data, and distinguish different levels of acceptance based on the quality of the data itself and different circumstances. The Guiding Principles require that the applicant shall ensure that the overseas clinical trial data are truthful, complete, accurate and traceable, and the generating process of the overseas clinical trial data shall comply with the relevant requirements of the Good Clinical Practice (臨床試驗質量管理規範) provided by the *International Conference on Harmonization of Technical Requirements for the Registration of Pharmaceuticals for Human Use* (人用藥品註冊技術國際協調會議).

Good Clinical Practices

Clinical trials must be conducted in accordance with the *Good Clinical Practice for Drug Trials* (《藥物臨床試驗質量管理規範》) (the "**GCP Rules**") promulgated by NMPA and NHC on April 23, 2020 and became effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including pre-clinical trial preparation, trial protocols, protection of testees' rights and interests, duties of researchers, sponsors and monitors, as well as data management and statistical analysis. According to the GCP Rules, clinical trial means systematical investigation of drugs conducted on human subjects (patients or healthy volunteers) to prove or reveal the clinical, pharmacological and other pharmacodynamic effects, adverse reactions or absorption, distribution, metabolism and excretion of the drug being investigated. In order to ensure the quality of clinical trials and the safety of human subjects, the GCP Rules provides comprehensive and substantive requirements on the design and conduct of clinical trials in the PRC. In particular, the GCP Rules enhances the protection for study subjects and tightens the control over bio-samples collected under clinical trials.

The GCP Rules stipulated that the sponsor shall bear the expenses for medical treatment and the corresponding compensation for any human subject who is harmed or dies due to reasons connected with the clinical trial. The sponsor and investigator shall pay the human subject the compensation or indemnification in a timely manner. However, the GCP Rules promulgated in 2020 abolishes the compulsory insurance the sponsor provides to human subjects participating in a clinical trial compared with the GCP Rules promulgated in 2003.

The GCP Rules also set out the qualifications and requirements for the investigators and centers participating in clinical trial, including: (i) professional certification at a clinical trial center, professional knowledge, training experience and capability of clinical trial, and being able to provide the latest resume and relevant qualification documents per request; (ii) being familiar with the trial protocol, investigator's brochure and relevant information of the trial drug provided by the applicant; (iii) being familiar with and comply with the Revised GCP Rules and relevant laws and regulations relating to clinical trials; (iv) keeping a copy of the authorization form on work allocation signed by investigators; (v) investigators and clinical trial centers shall accept supervision and inspection organized by the applicant and inspection by the drug regulatory

authorities; and (vi) in the case of investigators and clinical trial centers authorizing other individual or institution to undertake certain responsibilities and functions relating to clinical trial, they shall ensure such individual or institution are qualified and establish complete procedures to ensure the responsibilities and functions are fully performed and generate reliable data.

The GCP Rules also summarizes the role of ethic committee in clinical trial process. An ethic committee shall consist of experts working in the medical, pharmaceutical and other fields. The clinical trial protocol may not be executed unless approved by the ethic committee. Pursuant to the *Announcement on Issuing the Guidelines for Ethical Review Work of Drug Clinical Trials* (《關於印發藥物臨床試驗倫理審查工作指導原則的通知》) promulgated by CFDA in November 2010, the ethics committee shall carry out a review on the project of clinical trial on the drug to decide if it is rational in terms of science and ethics, and shall be subject to guidance and supervision under the drug supervisory and administrative departments. The Regulations for the Administration of Drug Clinical Trial Institutions also stipulates that each clinical trial institution shall maintain an ethic committee responsible for the ethical review of drug clinical trial.

Non-clinical Research

The non-clinical safety evaluation study for drugs for the purpose of applying for drug registration shall be conducted in accordance with the *Administrative Measures for Good Laboratories Practice* (《藥物非臨床研究質量管理規範》), which was promulgated in August 2003 and amended in July 2017 by the CFDA. In April 2007, the CFDA issued the *Regulations on the Certification Management of Good Laboratory Practice* (《藥物非臨床研究質量管理規範認證管理辦法》), last amended on January 19, 2023 and took effect on July 1, 2023, which set forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake non-clinical research on drugs.

According to the *Regulations for the Administration of Affairs Concerning Experimental Animals* (《實驗動物管理條例》) promulgated by the former State Science and Technology Commission (國家科學技術委員會) in November 1988 and lastly amended in March 2017 by the State Council, the *Administration Measures on Good Practice of Experimental Animals* (《實驗動物質量管理辦法》) jointly promulgated by the former State Science and Technology Commission and the former State Bureau of Quality and Technical Supervision (國家質量技術監督局) in December 1997, and the *Administrative Measures on the Certificate for Experimental Animals (Trial)* (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) (the "**MST**") and other regulatory authorities in December 2001 and came into effect in January 2002, using experimental animals and related products requires a Certificate for Utilization of Laboratory Animals. A Certificate for Utilization of Laboratory Animals shall be valid for five years, and the holder shall apply for renewal six months prior to the expiry of the validity period. A Certificate for Utilization of Laboratory Animals shall be inspected annually by the local Science and Technology Bureau.

New Drug Registration

Pursuant to the Registration Measures, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes and completion of other related preparation works, the applicant may apply with the NMPA for the marketing authorization. The NMPA then determines whether to approve the application according to applicable laws and regulations. The applicant must obtain the marketing authorization for a new drug before the drug can be manufactured and sold in the China market.

Marketing Authorization Holder Mechanism

Pursuant to the Drug Administration Law, the PRC implements the marketing authorization holder mechanism for management of the drug industry. The drug marketing authorization holder refers to an enterprise or a drug research and development institution that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for non-clinical research, clinical trials, production and operation, post-marketing research, adverse reaction monitoring, reporting and processing of drugs in accordance with the provisions of the law.

The marketing authorization holders may manufacture drugs by themselves or entrust a pharmaceutical manufacturing enterprise to manufacture drugs. Likewise, they may sell drugs by themselves or entrust a pharmaceutical distribution enterprise to sell drugs. However, marketing authorization holders may not entrust a pharmaceutical manufacturing enterprise to produce blood products, narcotic drugs, psychotropic drugs, medical-use toxic drugs or pharmaceutical precursor chemicals for drug production, except as otherwise stipulated by the drug regulatory department under the State Council.

The drug marketing authorization holder shall establish a drug quality assurance system and be equipped with special personnel to take charge of quality management on drugs independently. The drug marketing authorization holder shall regularly review the quality management system of the drug manufacturer and the drug distributor, and supervise its continuous quality assurance and control capabilities. Where the marketing authorization holder is an overseas enterprise, its designated domestic enterprise shall perform the obligations of the marketing authorization holder and jointly assume responsibilities of the marketing authorization holder with the overseas enterprise.

Pharmacovigilance

Pursuant to the *Pharmacovigilance Quality Control Specifications* (《藥物警戒質量管理規範》) issued by the NMPA on May 7, 2021, and implemented from December 1, 2021, drug marketing authorization holders and drug registration applicants who are permitted to implement drug clinical trials shall establish the pharmacovigilance system to monitor, identify, evaluate and control adverse drug reactions and other drug-related harmful reactions through the effective operation and maintenance of the system. The drug marketing authorization holders shall initiate quality objectives for pharmacovigilance and establish quality assurance system for quality management on pharmacovigilance system and activities with an aim to consistently improve the efficiency of the system and ensure the compliance of the activities with the relevant laws and regulations. The legal representative and the key person-in-charge of a drug marketing authorization holder shall be fully responsible for the pharmacovigilance activities. The drug marketing authorization holders shall complete the information registration in the National Adverse Drug Reaction Monitoring System within 30 days upon the date of obtaining the first drug approval document.

Approval or Filing of Human Genetic Resources

The MST promulgated the *Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC* (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) in July 2015, according to which, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the Human Genetic Resources Management Office of the PRC through the online system. The MST and the Human Genetic Resources Management Office of the PRC further respectively promulgated

the *Circular on Further Optimizing the Administrative Examination and Approval of Human Genetic Resources* (《關於進一步優化人類遺傳資源行政審批流程的通知》) in October 2020, which simplify the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

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》), promulgated by the State Council in May 2019, latest amended in March 2024 and came into effect on May 1, 2024, further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without export of human genetic resource materials. However, the type, quantity and usage of the human genetic resources to be used shall be filed with the administrative department of health under the State Council before clinical trials. In May 2023, the MST issued 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》), which came into effect on July 1, 2023, optimizing the scope of administrative licensing and record-keeping, enhancing the operability of the human genetic resources administration system, and implementing the registration and reporting system for the management of human genetic resources.

On October 17, 2020, the SCNPC promulgated the *Biosecurity Law of the PRC* (《中華人民共和國生物安全法》) (the "**Biosecurity Law**") which became effective on April 15, 2021 and latest amended and became effective on April 26, 2024, establishing a comprehensive legislative framework on the current regulations in the areas including prevention and control of outbreak of major newly-emerged infectious diseases, animal and plant epidemics, security of biotechnology research, development and application, biosafety management of pathogenic microbiology laboratories, security management of human genetic resources and biological resources, prevention of the invasion of alien species and protection of biodiversity, countermeasures against microbial resistance and prevention of bioterrorism and threat of biological weapons. According to the Biosecurity Law, the high-risk and medium-risk biotechnology research and development activities shall be carried out by legal entities lawfully established in the PRC, and shall be approved or filed. The establishment of a pathogenic microbiology laboratory shall be lawfully approved or filed. Engaging in the following activities shall be approved by the administrative department of health under the State Council, (i) collecting human genetic resources of important genetic families or specific areas in the PRC, or collecting human genetic resources of which the types and quantities are subject to provisions of the administrative department of health under the State Council, (ii) preserving human genetic resources of the PRC, (iii) using human genetic resources of the PRC to carry out international scientific research cooperation, or (iv) transporting, mailing or exiting human genetic resource materials of the PRC.

Two-invoice System

Pursuant to the Opinions on the Implementation of the "Two-invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《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)》) issued on December 26, 2016 jointly by eight government departments, including the Deepen Medical and Healthcare System Reform Leading Group Office of the State Council, the "Two-invoice System" restricts multiple layers of re-sale of drug products by only allowing two invoices in the supply of drug products: one from the manufacturer (or deemed manufacturer) to the distributor, and the other from the distributor to the procuring medical institution. The policy requires public medical institutions to phase in the "Two-invoice System" in drug procurement and encourages its adoption by other healthcare institutions, with the goal of achieving nationwide implementation by 2018. The "Two-invoice System" was implemented first in pilot provinces and public hospital reform pilot cities, with the target of nationwide implementation by 2018. On March 5, 2018, six government departments, including the Deepen Medical and Healthcare System Reform Leading Group Office of the State

Council, jointly mandated the implementation of the "Two-invoice System" for drug procurement in all provinces within 2018, and encouraged the gradual adoption of the "Two-invoice System" for other high-value medical consumables.

Pharmaceutical companies must comply with the "Two-invoice System" to participate in procurement activities with public medical institutions. As such, our products are subject to such requirement to the extent we are to supply such products to public medical institutions after commercialization. For this purpose, we plan to conduct thorough due diligence on future distributors before we supply our products to them, and impose contractual requirements for distributors to comply with the "Two-invoice System" as applicable. We also plan to implement necessary product tracking measures and conduct regular review and audits on distributors to ensure their compliance with the "Two-invoice System". Based on the foregoing, we expect that we will engage reputable distributors with established distribution networks and industry influence, and sell our products to public medical institutions through a single tier of distributors. This is expected to help control our distribution channel costs and credit risks arising from accounts receivables due from distributors.

REGULATIONS ON INFORMATION SECURITY AND DATA PROTECTION

Data Security and Data Export

The SCNPC promulgated the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) on June 10, 2021, which became effective from September 1, 2021, for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

On December 28, 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) (the "**CAC**") and other twelve PRC regulatory authorities jointly revised and promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》) (the "**Cyber Review Measures**"), which came into effect on February 15, 2022. The Cyber Review Measures stipulate that, among others, (i) when the purchase of network products and services by a critical information infrastructures operator (the "**CIIO**") (關鍵信息基礎設施運營者) or the data processing activities conducted by a network platform operator (網絡平台運營者) affect or may affect national security, a cybersecurity review shall be conducted pursuant to the Cyber Review Measures; (ii) an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list its securities abroad; and (iii) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security. According to the *Measures on Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》) issued by the CAC on July 7, 2022 and became effective on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the CIIO or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national 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》) issued by the CAC on February 22, 2023 and became 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 CIIO; (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. In addition, the Measures for Standard Contract for Outbound Transfer of Personal Information require that all Outbound Transfers of personal information that have been carried out before June 1, 2023 and do not comply with the provisions of the Measures for Standard Contract for Outbound Transfer of Personal Information be rectified within 6 months.

According to the *Provisions on Promoting and Regulating Cross-border Data Flows* (《促進和規範數據跨境流動規定》), which was promulgated by the CAC on March 22, 2024 and came into effect on the same day, if the data have not been informed or publicly announced as important data by relevant departments or regions, data handlers are not required to declare security assessment for cross-border provision of the data as important data.

Personal Information Protection

According 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. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law, ensure the security of the information, and must not illegally collect, use, process, or transmit other people's personal information or illegally buy, sell, provide, or disclose the information. The *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021 further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》) last amended on October 28, 2025 and took effect on January 1, 2026, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect, and are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

REGULATIONS ON INTELLECTUAL PROPERTY

Patent Law

Pursuant to the *Patent Law of the PRC* (《中華人民共和國專利法》) latest amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021 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》) latest amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents in China are divided into three types, i.e., invention patent, utility patent and design patent. The duration of a patent right for invention is 20 years, the duration of a patent right for utility model is 10 years, and the duration of a patent right for design is 15 years, all calculated from the date of application.

In terms of patent covering a pharmaceutical product, the *Trial Implementation Measures for the Mechanism for Early-Stage Settlement of Drug Patent Disputes* (《藥品專利糾紛早期解決機制實施辦法(試行)》), promulgated by the NMPA and China National Intellectual Property Administration on July 4, 2021 and effective on the same day, establishes a special mechanism to protect pharmaceutical patents from infringement of chemical generic drugs. Under this mechanism, the marketing authorization holders (the "**MAH**") shall register information about the drug and the corresponding patent of the drug. When applying for drug marketing authorization, the applicant of a chemical generic drug shall, by reference to the patent information registered by the MAH, make a declaration on each relevant drug patent of the generic drug. Any patentee or interested party who has an objection to the patent declaration may, within 45 days as of the date when the application for marketing authorization is made public by the national drug evaluation agency, lodge a lawsuit to a court regarding whether the relevant technical solution of the drug applied for marketing falls within the scope of protection of the relevant patent rights or request an administrative ruling from the patent administrative department of the State Council.

Trademark Law

In accordance with the *Trademark Law of the PRC* (《中華人民共和國商標法》) which was latest amended by the SCNPC on April 23, 2019, with the latest revision effective on November 1, 2019, and the *Implementation Regulations for the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》) which was latest amended by the State Council on April 29, 2014, with the latest revision effective on May 1, 2014, trademarks approved and registered by the Trademark Office of the National Intellectual Property Administration are registered trademarks, including commodity trademarks, service marks, collective trademarks, and certification marks; the validity period of a registered trademark is 10 years, calculated from the date of approval of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of the period of validity shall undergo the renewal formalities within 12 months before expiry according to the relevant provisions. Each renewal is valid for 10 years and is calculated from the day after the previous validity period of the trademark expires.

Copyright and Software Copyright

Copyright, including copyrighted software, is mainly protected under the *Copyright Law of the PRC* (《中華人民共和國著作權法》, the "**Copyright Law**"), which was adopted by the SCNPC on September 7, 1990 and last amended with effect from June 1, 2021, and *Implementation Regulations for the Copyright Law of the PRC* (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and last amended with effect from March 1, 2013. These rules provide that Chinese citizens, legal persons or other organizations will, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

Domain Names

The Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》), which were promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and became effective on November 1, 2017, provides that ".CN" and ".zhongguo (in Chinese character)" are China's national top level domains. Any party that engages in internet information services must use its domain name in compliance with laws and regulations and in line with relevant provisions of the telecommunications authority and shall not use its domain name to commit any violation.

REGULATIONS ON LEASING

According to the *Civil Code of the PRC* (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and implemented on January 1, 2021, the creation, modification, transfer, and extinction of real property rights that are subject to registration in accordance with the law shall

take effect when they are recorded in the real estate registration book. A real estate ownership certificate is the proof that the owner has the right to the real estate. Pursuant to the *Administrative Measures for Commodity Housing Leasing* (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) on December 1, 2010 and came into effect on February 1, 2011, the parties to house leasing shall, within 30 days after the execution of the house leasing contract, go through the house leasing registration and filing formalities with the competent construction (real-estate) departments of the People's Government of the municipality directly under the Central Government, city or county at the place where the leased house is located. If a violation of the measures occurs, the party shall be ordered to rectify within a prescribed time limit. and if any party fails to do so, it shall be imposed of a fine of more than RMB1,000 and less than RMB10,000.

Furthermore, *Regulation on Housing Leasing* (《住房租賃條例》), which was promulgated by the State Council and came into effect on September 15, 2025, stipulates that the lessors shall file the housing lease contract with the real estate administration department at the location of the leased housing through the housing leasing management service platform or other means.

REGULATIONS ON FIRE PROTECTION AND ENVIRONMENTAL PROTECTION

Fire Control

Pursuant to the *Fire Control Law of the PRC* (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective therefrom, the Ministry of Emergency Management (中華人民共和國應急管理部) under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business. According to *Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects* (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and latest amended on August 21, 2023, an examination system for fire control design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Environmental Protection

The *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) was promulgated and effective on December 26, 1989, and most recently amended on April 24, 2014. The *Environmental Protection Law* has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the *Environmental Protection Law*, in addition to other relevant laws and regulations of the PRC, the former Ministry of Environmental Protection (中華人民共和國環境保護部) and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the *Environmental Protection Law*, construction projects that have environmental impact shall be subject to environmental impact assessment.

Environment Impact Assessment

On October 28, 2002, the SCNPC promulgated the *Environmental Impact Assessment Law of PRC* (《中華人民共和國環境影響評價法》), which was latest amended on December 29, 2018. According to the *Environmental Impact Assessment Law*, the State Council implemented the

environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment. Pursuant to the *Interim Measures for Environmental Protection Acceptance of Completed Construction Projects* (《建設項目竣工環境保護驗收暫行辦法》) effective as of November 20, 2017 and the *Regulations on the Administration Construction Project Environmental Protection* (《建設項目環境保護管理條例》), which was revised on July 16, 2017 and implemented on October 1, 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

On November 30, 2020, Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部) promulgated the *Classified Administration Catalogue of Environmental Impact Assessments for Construction Project (2021 version)* (《建設項目環境影響評價分類管理名錄(2021年版)》), which became effective on January 1, 2021. According to the *Environmental Impact Assessment Law*, where a construction entity commenced construction prior to submission of the environmental impact report and environmental impact statement of the construction project or prior to resubmission of the environmental impact report and environmental impact statement, the ecological environment authorities at the county level or above shall order it to stop the construction, impose a fine of not less than 1% but not more than 5% of the overall investment amount for such construction project according to the seriousness and consequences of such violations, and order it to restore to the original status; and the person-in-charge and responsible personnel of the construction project shall be liable to administrative sanctions in accordance with laws.

Disposal of Hazardous Waste

Pursuant to the *Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC* (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC in 1995 and was latest amended on April 29, 2020, entities generating hazardous waste shall store, utilize and dispose hazardous waste according to the relevant requirements of the state and environmental protection standards, and shall not dump or pile up hazardous waste without authorization. Furthermore, it is forbidden to entrust hazardous waste to entities without a permit for disposal, or else the competent ecological and environmental authorities shall order it to make rectification, impose fines, confiscate illegal gains, and in serious circumstance, order it to suspend business or close down upon the approval of the government authorities.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

According to the *Labor Law of the PRC* (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the *Implementing Regulations of the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and came into effect on the same day, employers must enter into written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers must establish a system for labor safety and sanitation, strictly comply with national standards, and provide relevant education to their employees. Violations of the *Labor Contract Law* and the *Labor Law* may result in fines, and in serious cases, other administrative and criminal liabilities may be incurred.

In accordance with the *Labor Contract Law* and the *Interim Provisions on Labor Dispatching* (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) on January 24, 2014 and became effective on

March 1, 2014, it specified the scope and proportion of the usage of the laborer, execution and performance of labor dispatch agreements and legal liability. An employer shall strictly control the number of dispatched laborers which shall not exceed 10% of the total number of its workers. An employer that is in violation thereof shall be ordered to make correction by the labor administrative department. Where no correction is made by the prescribed deadline, the employer shall be subject to a fine ranging from RMB5,000 to RMB10,000 for each dispatched worker.

The *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the *Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and became effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

In accordance with the *Regulations on the Administration of Housing Provident Funds* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON TAXATION AND FOREIGN EXCHANGE

For more details, please refer to "Appendix III — Taxation and Foreign Exchange" in this document.

REGULATIONS ON OVERSEAS LISTINGS

Pursuant to the *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》) promulgated by the China Securities Regulatory Commission (中國證券監督管理委員會) (the "**CSRC**") on February 17, 2023, which became effective on March 31, 2023, it regulates the overseas securities offering and listing activities of domestic companies, whether directly or indirectly: (1) where a PRC company carries out securities offering and listing in an overseas market, it shall go through the filing procedures with the CSRC and submit relevant information, and shall submit the initial filing materials within three working days of submitting the initial public offering and listing application documents; and (2) PRC companies that are directly or indirectly listing in overseas markets and intend to conduct subsequent offerings in the same overseas markets shall go through the filing procedures with the CSRC and report relevant information; they shall also submit the filing within three working days of the completion date of the subsequent offering. In addition, no overseas offering and listing shall be conducted under any of the following circumstances: (1) it is prohibited by the PRC laws, administrative regulations or relevant rules of the state to conduct overseas

offering and listing; (2) overseas offering and listing may endanger national security as reviewed and determined by the relevant competent department of the State Council in accordance with the laws; (3) a domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime in the last three years; (4) a domestic enterprise is under investigation according to the laws for being suspected of crimes or major violations of laws and regulations and no conclusion has yet been made thereof; or (5) there is a major dispute over ownership of the equity interests held by the controlling shareholder or the shareholder controlled by the controlling shareholder or the actual controller.

According to the *Provisions on Strengthening the Confidentiality and Archives Management of Overseas Securities Offering and Listing by 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》) (the "**Archives Provisions**") promulgated by the CSRC, the MOF, the State Secrets Bureau (中華人民共和國國家保密局) and the State Archives Administration of the PRC (中華人民共和國國家檔案局) on February 24, 2023 and implemented from March 31, 2023, domestic enterprises, securities companies and securities service institutions providing corresponding services shall strictly comply with the relevant requirements for confidentiality and archives management, establish and improve confidentiality and file management systems, and take the necessary measures to implement confidentiality and archives management responsibilities, in the direct or indirect overseas securities offering or listing activities by domestic enterprises. According to the Archives Provisions, during the process of domestic enterprises conducting offering and listing overseas, if documents or data involving state secrets or adversely affecting national security or the public interest need to be provided or publicly disclosed to relevant securities companies, securities service agencies, overseas regulatory authorities and other units and individuals, the relevant approval/filing and other regulatory procedures shall be completed.

OVERVIEW

We are a biotech company focusing on the field of immune-inflammation, committed to becoming an influencer of locally-delivered targeted therapies. With innovation, original design and local delivery as our core capabilities, we specialize in chronic inflammatory disease treatment, aiming to provide comprehensive solutions that achieve efficacy, safety and long-term patient satisfaction.

Our Company was incorporated in the PRC as a limited liability company on September 26, 2016 and was converted to a joint stock company with limited liability on April 25, 2022 under the PRC Company Law. Since the incorporation of the Company, we have been led by our founder Mr. Li, who has over 18 years of experience in corporate and business management. For more details of the experience and qualifications of Mr. Li, please refer to "Directors and Senior Management" in this document.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Date	Milestone
September 2016 .	Our Company was established in Beijing, PRC.
June 2017	Pumecitinib gel project was initiated.
November 2017 .	Pumecitinib gel was identified as a clinical candidate molecule, with the development direction of topical skin administration confirmed.
May 2020	Our IND application of Pumecitinib gel for the treatment of atopic dermatitis was approved by the NMPA.
July 2020	We initiated a Phase I clinical trial of Pumecitinib gel in healthy participants.
November 2020 .	We completed a Phase I clinical trial of Pumecitinib gel in healthy participants aged 18 to 45.
March 2021	We initiated a Phase IIa clinical trial of Pumecitinib gel for the treatment of atopic dermatitis.
April 2021	We completed the Equity Transfers and Capital Increase in April 2021, pursuant to which we raised approximately RMB150 million from, amongst others, Kaiyuan Hongdao, Chongqing Xianfeng and Yuhang Lapam.
June 2021	Our IND application of Pumecitinib gel for the treatment of prurigo nodularis was approved by the NMPA.
November 2021 .	Phase IIa clinical trial of Pumecitinib gel for the treatment of atopic dermatitis was completed.
December 2021 .	Pumecitinib nasal spray project was initiated.
December 2021 .	PG-018 project was initiated.
December 2021 .	We initiated a Phase II clinical trial of Pumecitinib gel for the treatment of prurigo nodularis.
April 2022	Our Company was converted into a joint stock company.

Date	Milestone
August 2022	We completed the Capital Increase in August 2022, pursuant to which we raised RMB136 million from, amongst others, Chongqing Xianfeng, Yuhang Lapam and Heze Jurong.
November 2022	Phase II clinical trial of Pumecitinib gel for the treatment of prurigo nodularis was completed.
December 2022	Our Shares became quoted and listed on the NEEQ.
March 2023	We initiated a Phase IIb clinical trial of Pumecitinib gel for the treatment of atopic dermatitis.
March 2023	PG-033 project was initiated.
May 2023	Our IND application of Pumecitinib nasal spray for the treatment of allergic rhinitis to the NMPA was accepted.
July 2023	We initiated a Phase I clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in patients aged 12 to 18.
July 2023	We obtained IND approval of PG-018 and initiated a Phase Ia clinical trial of PG-018.
August 2023	Our IND application of Pumecitinib gel II for the treatment of non-segmental vitiligo was approved by the NMPA.
August 2023	Our IND application of Pumecitinib nasal spray for the treatment of allergic rhinitis was approved by the NMPA.
September 2023	We initiated a Phase I clinical trial of Pumecitinib nasal spray.
September 2023	We initiated a Phase I single ascending dose study of PG-018 in healthy adult participants in China.
October 2023	Phase IIb clinical trial of Pumecitinib gel for the treatment of atopic dermatitis was completed.
November 2023	Phase I clinical trial of Pumecitinib nasal spray was completed.
November 2023	We completed a Phase I clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in healthy participants aged 12 to 18.
December 2023	PG-040 project was initiated.
December 2023	We initiated a Phase I clinical trial of Pumecitinib gel II for the treatment of atopic dermatitis.
January 2024	We completed a Phase I clinical trial of Pumecitinib gel II in healthy participants.
February 2024	Phase I single ascending dose study of PG-018 in healthy adult participants in China was completed.
March 2024	We initiated a Phase IIa clinical trial of Pumecitinib nasal spray for the treatment of SAR.
March 2024	We initiated a Phase III clinical trial of Pumecitinib gel for the treatment of atopic dermatitis.

Date	Milestone
April 2024	We completed the Capital Increase in May 2024, pursuant to which we raised approximately RMB100 million from Pharmaceutical Fund.
June 2024	We completed a Phase I clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in patients aged 12 to 18.
June 2024	Phase IIa clinical trial of Pumecitinib nasal spray for the treatment of SAR was completed.
August 2024 . . .	Our IND application of PG-033 for the treatment of pruritus associated with neurodermatitis was approved by the NMPA.
December 2024 .	We completed the Capital Increase in December 2024, pursuant to which we raised approximately RMB116 million from, amongst others, Yitang Chuangxin and Beike Zhengqi.
March 2025	We initiated a Phase IIb clinical trial of Pumecitinib nasal spray.
May 2025	We initiated Phase I clinical trial of PG-033.
May 2025	The Phase IIb clinical trial of Pumecitinib nasal spray was completed.
June 2025	Our ANDA of PG-F02 for the treatment of acne vulgaris in children aged nine years and above and in adults was accepted by the NMPA.
September 2025	We initiated a Phase III clinical trial of Pumecitinib nasal spray.
September 2025 .	The Phase IIb clinical trial results of Pumecitinib gel were published on the British Journal of Dermatology.
September 2025 .	Our ANDA of PG-F06 for the treatment of bacterial skin infections was accepted by the NMPA.
October 2025 . . .	We completed a Phase IIb/III clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in adults and adolescents aged 12 to 17.
December 2025 .	We were voluntarily delisted form the NEEQ.
January 2026 . . .	We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib nasal spray with Junmpcan Pharmaceutical Group Limited.
February 2026 . .	We submitted the NDA of Pumecitinib gel for the treatment of atopic dermatitis in adults and adolescents aged 12 to 17 and was accepted by the NMPA.
May 2026	We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib gel with Jiangsu Simcere Pharmaceutical Co., Ltd.
May 2026	We submitted an IND application of PG-040 for the treatment of glaucoma to the NMPA.
July 2026	Our ANDA of PG-F04 for the treatment of allergic conjunctivitis to the NMPA was accepted.

OUR SUBSIDIARY

As of the date of this document, we have only one subsidiary named Therapeutics Technology, which was wholly owned by us and incorporated in the PRC on May 9, 2026 with principal business activities of therapeutics technical services, development, consultation, exchanges, transfer and promotion.

CORPORATE ESTABLISHMENT AND DEVELOPMENT

The following sets forth the major corporate history and shareholding changes of our Company.

Establishment of our Company

On September 26, 2016, the Company was established under the laws of the PRC as a limited liability company with an initial registered capital of RMB50.00 million, which was owned as to (i) 66.00% by Chifeng Puqi Pharmaceutical Technology Co., Ltd. (赤峰普祺醫藥科技有限公司) ("**Chifeng Puqi**") which was controlled by Mr. Li, one of the controlling shareholders of the Company, chairman of the Board, an executive Director and general manager of the Company and the spouse of Ms. Wang; (ii) 17.00% by Mr. Wu, an executive Director, who held such equity interest in our Company on trust for Mr. Li and Ms. Wang; and (iii) 17.00% by Ms. Liang Hongyun (梁虹雲) ("**Ms. Liang**")[1] who held such equity interest in our Company on trust for Dr. Han. The above trust arrangements had been made for administrative convenience purpose to prevent any potential disruption of operation of the Company for lack of time of Mr. Li, Ms. Wang and Dr. Han for handling registration procedures due to their then frequent business travels.

Equity Transfers in July 2020

On May 28, 2020, (i) Ms. Liang, Chifeng Qingxi Enterprise Management Centre (Limited Partnership) (赤峰清溪企業管理中心(有限合夥)) ("**Chifeng Qingxi**") and Beijing Bohan Technology Development Center (北京博涵科技發展中心) ("**Bohan Technology**"); (ii) Mr. Wu and Chifeng Qingxi; and (iii) Chifeng Puqi, Chifeng Qingxi and Ms. Wang, entered into three separate equity transfer agreements, pursuant to which (i) Ms. Liang transferred 15.00% of the equity interest of the Company to Bohan Technology at nil consideration; (ii) Ms. Liang transferred the 2.00% of the equity interest of the Company to Chifeng Qingxi at nil consideration; (iii) Mr. Wu transferred the 17.00% of the equity interest to Chifeng Qingxi at a consideration of RMB8.50 million; (iv) Chifeng Puqi transferred the 65.00% of the equity interest of the Company to Ms. Wang, an executive Director and spouse of Mr. Li, at a consideration of RMB32.50 million; and (v) Chifeng Puqi transferred 1.00% of the equity interest to Chifeng Qingxi at a consideration of RMB0.50 million (the "**Equity Transfers in July 2020**"). Bohan Technology is a sole proprietorship established under the PRC laws on June 13, 2018 and wholly-owned by Dr. Han, a non-executive Director of the Company. Upon completion of the equity transfers, the trust arrangement between Mr. Wu and Mr. Li and Ms. Wang; and the trust arrangement between Ms. Liang and Dr. Han was terminated for the purposes of streamlining the equity interests held by Mr. Li, Ms. Wang and Dr. Han in the Company in preparation for subsequent financing in advance.

Note:

1. Ms. Liang is a friend of Dr. Han, who formerly served in the finance department of Zhongzhuang Jianye Decoration Engineering (Beijing) Co., Ltd. (中裝建業裝飾工程（北京）有限公司) and has retired as at the Latest Practicable Date.

The shareholding structure of our Company upon completion of the Equity Transfers in July 2020 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Ms. Wang[(1)]	32,500,000	65.00%
Chifeng Qingxi[(2)]	10,000,000	20.00%
Bohan Technology[(3)]	7,500,000	15.00%
Total	**50,000,000**	**100.00%**

Notes:

1. Ms. Wang is an executive Director of the Company and spouse of Mr. Li. For more details, please refer to the section headed "Directors and Senior Management" in this document.

2. Chifeng Qingxi is one of our employee incentive platforms and one of our Controlling Shareholders.

3. Bohan Technology was wholly-owned by Dr. Han, a non-executive Director of the Company.

Equity Transfer in February 2021

On February 26, 2021, Ms. Wang and Mr. Li entered into an equity transfer agreement, pursuant to which Ms. Wang transferred the 65.00% of the equity interest of the Company to Mr. Li at nil consideration (the "**Equity Transfer in February 2021**") due to wealth planning arrangements.

The shareholding structure of our Company upon completion of the Equity Transfer in February 2021 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Mr. Li	32,500,000	65.00%
Chifeng Qingxi	10,000,000	20.00%
Bohan Technology	7,500,000	15.00%
Total	**50,000,000**	**100.00%**

Equity Transfers and Capital Increase in April 2021

For the purpose of obtaining funding to promote the long-term development of our business, on March 18, 2021, our Company and our then Shareholders (namely, Mr. Li, Chifeng Qingxi and Bohan Technology) entered into a capital increase agreement (the "**Capital Increase Agreement**") with Beijing Kaiyuan Hongdao Venture Capital Center (Limited Partnership) (北京開元弘道創業投資中心(有限合夥)) ("**Kaiyuan Hongdao**"), Chongqing Xianfeng Qiyun Equity Investment L.P. (重慶險峰旗雲股權投資合夥企業(有限合夥)) ("**Chongqing Xianfeng**"), Hangzhou Yuhang Lapam Healthcare Equity Investment Fund Partnership (Limited Partnership) (杭州余杭龍磐健康醫療股權投資基金合夥企業(有限合夥)) ("**Yuhang Lapam**"), Xizang Zhifan Enterprise Management Consulting Center (Limited Partnership) (西藏智梵企業管理諮詢中心(有限合夥)) ("**Xizang Zhifan**"), Nanjing Lestar Medical Technology Partnership (Limited Partnership) (南京力思達醫療科技合夥企業(有限合夥)) ("**Nanjing Lestar**").

On March 26, 2021 and March 29, 2021, (i) Mr. Li and Xizang Zhifan; and (ii) Mr. Li and Yuhang Lapam, entered into two separate equity transfer agreements, respectively (the "**Equity Transfer Agreements**", together with Capital Increase Agreement, "**Equity Transfers and Capital Increase in April 2021**").

Pursuant to the Capital Increase Agreement and the Equity Transfer Agreements, (i) Mr. Li transferred the registered capital of approximately RMB1.48 million (representing 2.96% of the equity interest) of the Company to Yuhang Lapam at a consideration of RMB12.00 million; (ii) Mr. Li transferred the registered capital of approximately RMB0.99 million (representing 1.98% of the equity interest) of the Company to Xizang Zhifan at a consideration of RMB8.00 million; and (iii) the registered capital of our Company increased from RMB50.00 million to approximately RMB66.67 million, and Kaiyuan Hongdao, Chongqing Xianfeng, Yuhang Lapam, Xizang Zhifan and Nanjing Lestar subscribed for an increased registered capital of RMB5.00 million, approximately RMB4.44 million, approximately RMB3.11 million, RMB3.00 million and approximately RMB1.11 million at a consideration of RMB45.00 million, RMB40.00 million, RMB28.00 million, RMB27.00 million and RMB10.00 million, respectively. The relevant considerations were determined based on arm's length negotiation amongst the respective [**REDACTED**] Investors and our Company after taking into consideration the status and long-term prospects of our business operations.

The difference in cost per share between the Equity Transfer Agreements and the Capital Increase Agreement was primarily attributable to the different nature of the transactions thereunder, which were a transfer of existing shares by the Controlling Shareholders and an issuance of new shares by the Company, respectively. Both share prices were determined on an arm's length basis through fair negotiations.

The shareholding structure of our Company upon completion of the Equity Transfers and Capital Increase in April 2021 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Mr. Li	30,030,865	45.05%
Chifeng Qingxi	10,000,000	15.00%
Bohan Technology	7,500,000	11.25%
Kaiyuan Hongdao	5,000,000	7.50%
Yuhang Lapam	4,592,592	6.89%
Chongqing Xianfeng	4,444,444	6.67%
Xizang Zhifan	3,987,654	5.98%
Nanjing Lestar	1,111,111	1.67%
Total	**66,666,666**	**100.00%**

Equity Transfer in March 2022

On March 7, 2022, Bohan Technology and Dr. Han entered into an equity transfer agreement, pursuant to which Bohan Technology transferred 11.25% of the equity interest of the Company to Dr. Han at nil consideration as Bohan Technology was wholly-owned by Dr. Han (the "**Equity Transfer in March 2022**").

The shareholding structure of our Company upon completion of the Equity Transfer in March 2022 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Mr. Li	30,030,865	45.05%
Chifeng Qingxi	10,000,000	15.00%
Dr. Han	7,500,000	11.25%
Kaiyuan Hongdao	5,000,000	7.50%
Yuhang Lapam	4,592,592	6.89%
Chongqing Xianfeng	4,444,444	6.67%
Xizang Zhifan	3,987,654	5.98%
Nanjing Lestar	1,111,111	1.67%
Total	**66,666,666**	**100.00%**

Capital Increase in March 2022

On March 25, 2022, the Company, Mr. Li, Dr. Han, Chifeng Qingxi, Kaiyuan Hongdao, Chongqing Xianfeng, Yuhang Lapam, Xizang Zhifan, Nanjing Lestar, Chifeng Mingquan Enterprise Management Center (Limited Partnership) (赤峰名泉企業管理中心(有限合夥)) ("**Chifeng Mingquan**"), one of our Controlling Shareholders, and Chifeng Zaiji Enterprise Management Center (Limited Partnership) (赤峰再極企業管理中心(有限合夥)) ("**Chifeng Zaiji**") entered into a capital increase agreement, pursuant to which the registered capital of our Company increased from approximately RMB66.67 million to approximately RMB71.1 million, where Chifeng Mingquan and Chifeng Zaiji subscribed for an increased registered capitals of approximately RMB3.50 million and RMB0.96 million of the Company at a consideration of RMB5.26 million and RMB15.00 million, respectively (the "**Capital Increase in March 2022**").

The difference in cost per share of Chifeng Mingquan and Chifeng Zaiji was primarily because Chifeng Mingqaun, as one of our employee incentive platforms, subscribed the Shares to incentivize the eligible grantees under the [**REDACTED**] Share Incentive Plan, whereas Chifeng Zaiji, as one of our [**REDACTED**] Investors, subscribed the Shares for financial benefits after taking into consideration the long-term prospects of our business operations.

The shareholding structure of our Company upon completion of the Capital Increase in March 2022 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Mr. Li	30,030,865	42.22%
Chifeng Qingxi	10,000,000	14.06%
Dr. Han	7,500,000	10.54%
Kaiyuan Hongdao	5,000,000	7.03%
Yuhang Lapam	4,592,592	6.46%
Chongqing Xianfeng	4,444,444	6.25%
Xizang Zhifan	3,987,654	5.61%
Chifeng Mingquan	3,508,772	4.93%
Nanjing Lestar	1,111,111	1.56%
Chifeng Zaiji	956,944	1.35%
Total	**71,132,382**	**100.00%**

Equity Transfers in April 2022

On April 15, 2022, (i) Mr. Li, Mr. Huang Shuo (黃碩) ("**Mr. Huang**") and Mr. Ai Lianghua (艾良華) ("**Mr. Ai**"); and (ii) Dr. Han and Mr. Huang, entered into two separate equity transfer agreements, pursuant to which (i) Mr. Li transferred 889,155 shares (representing 1.25% of the equity interest) of the Company to Mr. Huang at a consideration of RMB15.00 million; (ii) Mr. Li transferred 1,185,563 shares (representing 1.67% of the equity interest) of the Company to Mr. Ai at a consideration of RMB20.00 million; and (iii) Dr. Han transferred 355,662 shares (representing 0.50% of the equity interest) of the Company to Mr. Huang at a consideration of RMB6.00 million (the "**Equity Transfers in April 2022**").

The shareholding structure of our Company upon completion of the Equity Transfers in April 2022 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Mr. Li	27,956,147	39.30%
Chifeng Qingxi	10,000,000	14.06%
Dr. Han	7,144,338	10.04%
Kaiyuan Hongdao	5,000,000	7.03%
Yuhang Lapam	4,592,592	6.46%
Chongqing Xianfeng	4,444,444	6.25%
Xizang Zhifan	3,987,654	5.61%
Chifeng Mingquan	3,508,772	4.93%
Mr. Huang[(1)]	1,244,817	1.75%
Mr. Ai	1,185,563	1.67%
Nanjing Lestar	1,111,111	1.56%
Chifeng Zaiji[(1)]	956,944	1.35%
Total	**71,132,382**	**100.00%**

Note:

1. Mr. Huang is the general partner of Chifeng Zaiji.

Conversion into a Joint Stock Company in April 2022

On April 25, 2022, our Company was converted into a joint stock company with limited liability with its name changed to PrimeGenX Therapeutics Co., Ltd. (北京普祺醫藥科技股份有限公司). Upon the completion of the conversion, the registered capital of the Company became RMB71,132,382 divided into 71,132,382 Shares with a nominal value of RMB1.00 each.

Capital Increase in August 2022

With plans to carry out capital increases into our Company to meet business needs of the Company, on July 22, 2022 and August 5, 2022, the Company, Mr. Li, Kaiyuan Hongdao, Xizang Zhifan, Nanjing Lestar, Chongqing Xianfeng, Yuhang Lapam, Heze Jurong Biomedical Investment Fund Management Partnership (Limited Partnership) (菏澤聚融生物醫藥投資基金管理合夥企業(有限合夥)) ("**Heze Jurong**"), Jiaxing Zhenyan Micifang Equity Investment Partnership (Limited Partnership) (嘉興箴言幂次方股權投資合夥企業(有限合夥)) ("**Jiaxing Zhenyan**") and Beijing Tongxi Enterprise Management Consulting Center (Limited Partnership) (北京通璽企業管理諮詢中心(有限合夥)) ("**Beijing Tongxi**") entered into a capital increase agreement and a supplemental agreement respectively. Pursuant to the abovementioned agreements, the registered capital of our Company was increased from approximately RMB71.13 million to approximately RMB79.81 million, where Chongqing Xianfeng, Yuhang Lapam, Xizang Zhifan, Heze Jurong, Jiaxing Zhenyan and Beijing Tongxi subscribed for an increased registered capital of approximately RMB2.55 million, RMB1.28 million, RMB0.38 million, RMB1.91 million, RMB0.64 million and RMB1.91 million of the Company at a consideration of RMB40.00 million, RMB20.00 million, RMB6.00 million, RMB30.00 million, RMB10.00 million and RMB30.00 million, respectively (the "**Capital Increase in August 2022**"). The purpose of the Capital Increase in August 2022 was principally to increase the then working capital of our Company for our business expansion, and the consideration was made with reference to the then operating results and industry outlook of our business.

The shareholding structure of our Company upon completion of the Capital Increase in August 2022 is set out as follows:

Shareholders	Registered Capital	Equity interest
	(RMB)	
Mr. Li	27,956,147	35.03%
Chifeng Qingxi	10,000,000	12.53%
Dr. Han	7,144,338	8.95%
Chongqing Xianfeng	6,996,278	8.77%
Yuhang Lapam	5,868,509	7.35%
Kaiyuan Hongdao	5,000,000	6.27%
Xizang Zhifan	4,370,429	5.48%
Chifeng Mingquan	3,508,772	4.40%
Heze Jurong	1,913,876	2.40%
Beijing Tongxi	1,913,876	2.40%
Mr. Huang	1,244,817	1.56%
Mr. Ai	1,185,563	1.49%
Nanjing Lestar	1,111,111	1.39%
Chifeng Zaiji	956,944	1.20%
Jiaxing Zhenyan	637,959	0.80%
Total	**79,808,619**	**100.00%**

Listing on NEEQ in December 2022

On December 7, 2022, our Shares became quoted and listed on the NEEQ under the stock code of 873969.

Capital Increase in December 2023

With plans to accelerate business expansion and long-term development opportunities, the Company further conducted capital increase in December 2023. On October 31, 2023, the Company, Shanxi Zhongwei Logistics Co., Ltd. (山西中煒物流有限公司) ("**Shanxi Zhongwei**"), Inner Mongolia Police Communication Technology Co., Ltd. (內蒙古警通科技有限公司) ("**Inner Mongolia Jingtong**"), Beijing Tongxi, Inner Mongolia Niutu Enterprise Management Consulting Co., Ltd. (內蒙古牛途企業管理諮詢有限公司) ("**Inner Mongolia Niutu**") and Shengli Oilfield Dongyue Industry and Trade Co., Ltd. (勝利油田東岳工貿有限責任公司) ("**Dongyue**") entered into a capital increase agreement. Further, on December 13, 2023, the Company, Shanxi Zhongwei, Inner Mongolia Niutu and Mr. Dong Zhuoming ("**Mr. Dong**") entered into a supplemental agreement. Pursuant to the abovementioned agreements, the registered capital of our Company increased from approximately RMB79.81 million to approximately RMB84.60 million, where Shanxi Zhongwei, Inner Mongolia Jingtong, Beijing Tongxi, Inner Mongolia Niutu and Dongyue subscribed for an increased registered capital of approximately RMB0.53 million, RMB1.33 million, RMB1.33 million, RMB1.06 million and RMB0.53 million of the Company at a consideration of approximately RMB10.00 million, RMB25.00 million, RMB25.00 million, RMB20.00 million and RMB10.00 million, respectively (the "**Capital Increase in December 2023**"). The purpose of the Capital Increase in December 2023 was principally to increase the then working capital of our Company for our business expansion, and the consideration was made with reference to the then operating results and industry outlook of our business.

The shareholding structure of our Company upon completion of the Capital Increase in December 2023 is set out as follows:

Shareholders	Registered Capital	Equity interest
	(RMB)	
Mr. Li	27,956,147	33.05%
Chifeng Qingxi	10,000,000	11.82%
Dr. Han	7,144,338	8.45%
Chongqing Xianfeng	6,996,278	8.27%
Yuhang Lapam	5,868,509	6.94%
Kaiyuan Hongdao	5,000,000	5.91%
Xizang Zhifan	4,370,429	5.17%
Chifeng Mingquan	3,508,772	4.15%
Beijing Tongxi	3,243,663	3.83%
Heze Jurong	1,913,876	2.26%
Inner Mongolia Jingtong	1,329,787	1.57%
Mr. Huang	1,244,817	1.47%
Mr. Ai	1,185,563	1.40%
Nanjing Lestar	1,111,111	1.31%
Inner Mongolia Niutu	1,063,830	1.26%
Chifeng Zaiji	956,944	1.13%
Jiaxing Zhenyan	637,959	0.75%
Shanxi Zhongwei	531,915	0.63%
Dongyue	531,915	0.63%
Total	**84,595,853**	**100.00%**

Capital Increase in May 2024

On March 13, 2024, the Company and Beijing Medical and Health Industry Investment Fund (Limited Partnership) (北京市醫藥健康產業投資基金(有限合夥)) ("**Pharmaceutical Fund**") entered into a capital increase agreement, pursuant to which the registered capital of our Company increased from approximately RMB84.60 million to approximately RMB89.92 million, where Pharmaceutical Fund subscribed for an increased registered capital of approximately RMB5.32 million at a consideration of approximately RMB100.00 million (the "**Capital Increase in May 2024**").

The shareholding structure of our Company upon completion of the Capital Increase in May 2024 is set out as follows:

Shareholders	Registered Capital subscribed for	Equity interest
	(RMB)	
Mr. Li	27,956,147	31.09%
Chifeng Qingxi	10,000,000	11.12%
Dr. Han	7,144,338	7.95%
Chongqing Xianfeng	6,996,278	7.78%
Yuhang Lapam	5,868,509	6.53%
Pharmaceutical Fund	5,319,148	5.92%
Kaiyuan Hongdao	5,000,000	5.56%
Xizang Zhifan	4,370,429	4.86%
Chifeng Mingquan	3,508,772	3.90%
Beijing Tongxi	3,243,663	3.61%
Heze Jurong	1,913,876	2.13%
Inner Mongolia Jingtong	1,329,787	1.48%
Mr. Huang	1,244,817	1.38%
Mr. Ai	1,185,563	1.32%
Nanjing Lestar	1,111,111	1.24%
Inner Mongolia Niutu	1,063,830	1.18%
Chifeng Zaiji	956,944	1.06%
Jiaxing Zhenyan	637,959	0.71%
Shanxi Zhongwei	531,915	0.60%
Dongyue	531,915	0.60%
Total	**89,915,001**	**100.00%**

Capital Increase in December 2024

With plans to accelerate business expansion and long-term development opportunities, the Company further conducted capital increase in 2024. On September 14, 2024, the Company, Beijing Yitang Chuangxin Venture Capital Center (Limited Partnership) (北京屹唐創欣創業投資中心(有限合夥)) ("**Yitang Chuangxin**"), Beijing Yitang Dingxin Technology Partnership (Limited Partnership) (北京屹唐鼎芯科技合夥企業(有限合夥)) ("**Yitang Dingxin**"), Beijing Shoufazhan Huaxia Longying Jielian Technology Investment Fund (Limited Partnership) (北京首發展華夏龍盈接力科技投資基金(有限合夥)) ("**Huaxia Longying**"), Beijing Beike Zhengqi Guoxin Pharmaceutical Industry Investment Fund (Limited Partnership) (北京北科正奇國信醫藥產業投資基金(有限合夥)) ("**Beike Zhengqi**"), Beijing Bosentong Management Technology Co., Ltd. (北京博森通管理科技有限公司) ("**Beijing Bosentong**") and Ms. Shen Xuejuan (沈雪娟) ("**Ms. Shen**") entered into a capital increase agreement. Pursuant to the abovementioned agreement, the registered capital of our Company increased from approximately RMB89.92 million to approximately RMB96.09 million, and Yitang Chuangxin, Yitang Dingxin, Huaxia Longying, Beike Zhengqi, Beijing Bosentong and Ms. Shen subscribed for an increased registered capital of approximately RMB1.59 million, RMB0.01 million, RMB1.06 million, RMB1.06 million, RMB1.06 million and

RMB1.38 million of the Company at a consideration of approximately RMB29.80 million, RMB0.20 million, RMB20.00 million, RMB20.00 million, RMB20.00 million and RMB26.00 million respectively (the "**Capital Increase in December 2024**").

Delisting from NEEQ in December 2025 and Share Subdivision in January 2026

For the reasons described in "Voluntary Delisting from NEEQ" below, we adjusted our [**REDACTED**] plan to seek a [**REDACTED**] on the Stock Exchange, and on December 2, 2025, the shareholders' resolutions regarding the voluntary delisting of our Company from the NEEQ were passed at a shareholders' meeting.

During the period of our quotation on NEEQ, some new minority Shareholders purchased our Shares in the secondary market and Mr. Huang sold 856,235 Shares in the secondary market.

The delisting from NEEQ was implemented around the time we commenced our preparation of our [**REDACTED**] on the Stock Exchange. On December 22, 2025, our Shares were delisted from NEEQ. As a protective measure for the dissenting shareholders of the Company who did not vote for the delisting from NEEQ, Mr. Li repurchased an aggregate of 65,531 Shares (representing approximately 0.07% of the entire issued share capital of the Company) as at the date of the delisting from NEEQ from 15 Shareholders who decided not to continue with their investments in the Company at a total repurchase price of RMB2.37 million. Such considerations were determined based on arm's length negotiations between Mr. Li and the individual Shareholders who participated in the repurchase with reference to the latest quoted prices of the Company prior to the delisting from NEEQ and taking into account the said Shareholders' wishes to recoup the value of their individual investments into our Company. The considerations were fully settled on January 16, 2026. In view of the delisting of the Company from NEEQ, Mr. Zhao and Inner Mongolia Jingtong, a company ultimately controlled by Mr. Zhao, entered into an equity transfer agreement, pursuant to which Inner Mongolia Jingtong transferred approximately 1.38% of the equity interest of the Company to Mr. Zhao at a consideration of approximately RMB25.00 million, which was determined based on arm's length negotiations between the parties with reference to, among others, the status and continuous development of our business and the progress in the R&D of our pipeline products.The consideration was fully settled on January 16, 2026.

On January 15, 2026, we conducted a share subdivision pursuant to which each of our Shares will be subdivided on the basis of one to two. Upon completion of such share subdivision, the registered capital of our Company will be divided into 192,170,424 Shares.

Upon completion of the Capital Increase in December 2024, delisting from NEEQ, the share repurchase by Mr. Li, the equity transfer from Inner Mongolia to Mr. Zhao and the share subdivision and as at the Latest Practicable Date, the shareholding structure of our Company was as follows:

Shareholders	Registered Capital	Equity interest
	(RMB)	
Mr. Li	56,043,356	29.16%
Chifeng Qingxi	20,000,000	10.41%
Dr. Han	14,288,676	7.44%
Chongqing Xianfeng	13,992,556	7.28%
Yuhang Lapam	11,737,018	6.11%
Pharmaceutical Fund	10,638,296	5.54%
Kaiyuan Hongdao	10,000,000	5.20%
Mr. Zhao	8,971,296	4.67%
Xizang Zhifan	8,740,858	4.55%
Chifeng Mingquan	7,017,544	3.65%
Heze Jurong	3,827,752	1.99%
Yitang Chuangxin	3,170,212	1.65%

Shareholders	Registered Capital	Equity interest
	(RMB)	
Ms. Shen	2,965,758	1.54%
Beijing Bosentong	2,659,660	1.38%
Mr. Ai[(1)]	2,371,126	1.23%
Nanjing Lestar	2,222,222	1.16%
Inner Mongolia Niutu	2,127,660	1.11%
Huaxia Longying	2,127,658	1.11%
Beike Zhengqi	2,127,658	1.11%
Chifeng Zaiji	1,913,888	1.00%
Jiaxing Zhenyan	1,275,918	0.66%
Dongyue	1,063,830	0.55%
Other Shareholders[(2)]	2,887,482	1.06%
Total	**192,170,424**	**100.00%**

Notes:

1. Mr. Ai is an employee of the Company.
2. To the best knowledge of our Directors after making due enquiries, 26 other Shareholders as at the date of the delisting from NEEQ were Independent Third Parties.

Note: Please refer to notes as mentioned in "Delisting from NEEQ in December 2025 and Share Subdivision in January 2026" above. Save as disclosed in this document, each of Shareholders is an Independent Third Party.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

All the abovementioned capital increases and equity transfers of our Company are effective, legally completed, duly settled and in compliance with the PRC laws and regulations, and all permits, authorizations, approvals and consents necessary for the above transactions have been obtained from the relevant PRC governmental authorities.

[**REDACTED**] INVESTMENTS

The following table summarizes the key terms of the [**REDACTED**] Investments:

	Consideration	Date of Agreement	Date of Settlement	Cost per Share[(1)]	Discount to the [REDACTED][(2)]	Post-money valuation of our Company[(3)]
	(RMB) (approximation)			*(RMB) (approximation)*		*(RMB) (approximation)*
Equity Transfers and Capital Increase in April 2021	170.00 million	March 26, 2021 and March 29, 2021	April 2, 2021	4.44	[[REDACTED]%]	600.00 million
Capital Increase in March 2022	20.26 million	March 25, 2022	March 28,2022	7.81	[[REDACTED]%]	1,115.00 million
Equity Transfers in April 2022	41.00 million	April 15, 2022	June 6, 2022	8.44	[[REDACTED]%]	1,115.00 million

	Consideration	Date of Agreement	Date of Settlement	Cost per Share[(1)]	Discount to the [REDACTED][(2)]	Post-money valuation of our Company[(3)]
	(RMB) (approximation)			*(RMB) (approximation)*		*(RMB) (approximation)*
Capital Increase in August 2022	136.00 million	July 22, 2022 and August 5, 2022	August 29, 2022	7.84	[[REDACTED]%]	1,251.00 million
Capital Increase in December 2023	90.00 million	October 31, 2023 and December 13, 2023	December 13, 2023	9.40	[[REDACTED]%]	1,590.00 million
Capital Increase in May 2024	100.00 million	March 13, 2024	April 22, 2024	9.40	[[REDACTED]%]	1,690.00 million
Capital Increase in December 2024	116.00 million	September 14, 2024	December 17, 2024	9.40	[[REDACTED]%]	1,806.00 million

Notes:

(1) The cost per Share is adjusted with reference to the total issued Share number of the Company after the sub-division of the shares with nominal value of RMB1.00 each on the basis of one-to-two.

(2) The [**REDACTED**] to the [**REDACTED**] is calculated based on the foreign exchange rate as of the Latest Practicable Date and that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] Range).

(3) The Company's valuation after the Equity Transfers and Capital Increase in April 2021 was determined with reference to the prevailing market conditions when the pandemic stimulated strong investment sentiment in the biopharmaceutical sector amid active investor participation.

The increase in our Company's valuation from the Equity Transfers and Capital Increase in April 2021 to the Capital Increase in March 2022 is primarily because the Company completed Phase IIa clinical trial of Pumecitinib gel in March 2022.

The increase in our Company's valuation from the Capital Increase in August 2022 to the Capital Increase in December 2023 is primarily because the Company completed (i) Phase II clinical trial of Pumecitinib gel for the treatment of prurigo nodosa in November 2022; (ii) Phase IIb clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in October 2023; and (iii) Phase I clinical trial of Pumecitinib nasal spray in November 2023, and initiated (i) Phase I clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in children aged two to 11 in July 2023; and (ii) Phase I clinical trial of PG-018 in September 2023.

(4) The equity transfer between Mr. Zhao and Inner Mongolia Jingtong is not included in the above table as the consideration of the transfer was paid and settled among the then Shareholders (instead of the Company). To the best knowledge of the Directors, the consideration of the said equity transfer was fully settled on January 16, 2026.

Basis of consideration . . . . . The consideration for each [**REDACTED**] Investments was determined through arm's length negotiation between the respective [**REDACTED**] Investor(s) and our Company or the then existing Shareholders with reference to, among others, 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.

Use of proceeds and whether they have been fully utilized . . . . . We utilized the proceeds to finance our R&D activities and to support the working capital needs of our Company. As of the Latest Practicable Date, the majority of the net proceeds from the [**REDACTED**] Investments had been utilized for the aforementioned purposes.

Lock-up	Pursuant to the applicable PRC laws, within the 12 months following the [**REDACTED**], all existing Shareholders (including the [**REDACTED**] Investors) of our Company could not dispose of any of the Shares held by them.
Strategic benefits	Our Company would benefit from the additional capital injected by the [**REDACTED**] Investors in our Company, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them. Our [**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 [**REDACTED**] Investments demonstrate the [**REDACTED**] Investors' commitment and confidence in the business performance and operations, strengths and long-term prospects of our Company.
Special rights of the [REDACTED] Investors	Pursuant to the [**REDACTED**] Investment agreements, certain [**REDACTED**] Investors had been granted certain special rights, among which, (i) anti-dilution rights; and (ii) redemption rights, by Mr. Li, one of our Controlling Shareholders. Please refer to Note 25 to the Accountants' Report set out in Appendix I to this document for further details. The Group is not a party to such arrangements and, accordingly, no liability arising from such redemption rights was recognised during the Track Record Period. There is no guarantee by the Company in respect of the redemption rights and there is no pertinent side agreement. No liability was recorded during the Track Record Period. The redemption rights of our [**REDACTED**] Investors shall cease to be exercisable one day before the first filing of the application for the [**REDACTED**], provided that such redemption rights shall be automatically reinstated upon occurrence of any one of the following events (whichever is earlier): (i) the Company's [**REDACTED**] application is rejected, returned or terminated, and the Company fails to file an application for review within the prescribed time limit pursuant to the Listing Rules. For the avoidance of doubt, the lapse of the [**REDACTED**] application and the document during the [**REDACTED**] approval process of the Stock Exchange shall not constitute the circumstance for such reinstatement;(ii) the Company voluntarily withdraws the [**REDACTED**] application; and (iii) the Company fails to complete a qualified [**REDACTED**] within 18 months from the date of the first filing of the [**REDACTED**] application . All other special rights of the [**REDACTED**] Investors will be terminated upon the [**REDACTED**].

Information about Our [REDACTED] Investors

To the best of our Company's knowledge, information and belief and having made all reasonable enquiries, all of our [**REDACTED**] Investors were Independent Third Parties.

Among our [**REDACTED**] Investors, Pharmaceutical Fund and Chongqing Xianfeng are Sophisticated Investors who have made meaningful investment in our Company in accordance with Chapter 2.3 of the Guide. The background information of our [**REDACTED**] Investors as of the Latest Practicable Date is set out below.

Pharmaceutical Fund

Pharmaceutical Fund is a limited partnership formed on December 28, 2023 under the laws of the PRC. As of the Latest Practicable Date, Pharmaceutical Fund was owned as to (i) 99.00% by its limited partner, Beijing Municipal Government Investment Guidance Fund (Limited Partnership) (北京市政府投資引導基金(有限合夥)) ("**Beijing Guidance Fund**"), which is ultimately controlled by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality ("**Beijing SASAC**"); (ii) 0.50% by one of its general partners, Beijing Jingguoguan Real Estate Management Co., Ltd. (北京京國管置業管理有限公司) ("**Beijing Jingguoguan**"), which is ultimately controlled by Beijing SASAC; and (iii) 0.5% by one of its general partners, Beijing Kangshida Management Consulting Co., Ltd. (北京康士達管理諮詢有限公司) ("**Beijing Kangshida**"), which is ultimately controlled by CBC Group (HK) Limited ("**CBC**"). Each of Pharmaceutical Fund, Beijing Guidance Fund, Beijing Jingguoguan, Beijing Kangshida, Beijing SASAC and CBC is an Independent Third Party.

Pharmaceutical Fund is a private equity fund formed with a view to furnishing support to companies at various stages in biotech and healthcare sectors by way of investments into, amongst others, innovative medicines, medical devices, and cell and gene therapies companies. It has affluent investment experience in biotech and healthcare industries, including without limitation (i) Beijing Sinotau International Pharmaceutical Technology Co., Ltd. (北京先通國際醫藥科技股份有限公司), which is a leader in China's radiopharmaceutical market; (ii) METiS TechBio (Beijing) Co., Ltd. (劑泰科技(北京)股份有限公司), which is one of the most technologically advanced AI-driven pharmaceutical nanomaterial solution providers in the world (a company already listed on the Stock Exchange, Stock Code: 07666); (iii) Huahui Health (Beijing) Biotechnology Co., Ltd. (華輝安健(北京)生物科技有限公司), which is a global leader and the domestic pioneer in the R&D of therapeutics for hepatitis B and hepatitis D; (iv) Beijing Wehand-Bio Pharmaceutical Co., Ltd. (北京五和博澳藥業股份有限公司), which is a first-tier enterprise in natural product pharmaceuticals (a company whose Chapter 18A listing application has been accepted by the Stock Exchange); and (v) Beijing Avistone Biotechnology Co., Ltd. (北京鞍石生物科技股份有限公司), which is a biotech company focusing on research, development and commercialization of innovative anti-tumor drugs (a company whose STAR Market listing application has been accepted). The Pharmaceutical Fund has invested approximately RMB5.15 billion in 64 full-cycle companies in biotech and healthcare sectors as of December 31, 2025.

As at the Latest Practicable Date, the assets under management of Pharmaceutical Fund amounted to approximately RMB6.44 billion.

Chongqing Xianfeng

Chongqing Xianfeng is a limited partnership formed on October 17, 2018 under the laws of the PRC, focusing on equity investment. As of the Latest Practicable Date, Chongqing Xianfeng was owned as to (i) approximately 1.05% by its general partner, Xizang Xianfeng Qiyun Enterprise Consulting Management Co., Ltd. (西藏險峰旗雲企業諮詢管理有限公司) ("**Xizang Xianfeng**"), which is ultimately controlled by Mr. Chen Keyi (陳科屹) ("**Mr. Chen**"); and (ii) approximately 98.95% by its 15 limited partners, none of which owned over 30.00% of the partnership interest in Chongqing Xianfeng. Each of Xizang Xianfeng and Mr. Chen is an Independent Third Party.

Chongqing Xianfeng is a private equity fund focusing on equity investment, with its investment scope covering companies in, amongst others, biotech and healthcare sectors (e.g., gene editing, gene therapy, pharmaceutical contract manufacturing and services, and medical devices) from Angel round to A+ round, which includes but is not limited to (i) Yoltech Therapeutics Co., Ltd., (堯唐(上海)生物科技有限公司), a leading developer of *in-vivo* gene editing therapeutics in China; (ii) Jiaxing CoJourney Bio Ltd (嘉興行誠生物科技有限公司), a leading production platform of plasmids and viral vectors; (iii) Exegenesis Bio Inc., a leading gene therapy pharmaceuticals developer in the PRC; (iv) Shenzhen Tendfo Medical Technologies Co., Ltd. (深圳騰復醫療科技有限公司), a leading device developer in the field of thrombus removal in the PRC; and (v) Dreisam (Beijing) Medical Technology Co., Ltd. (德萊森(北京)醫療科技有限公司), a leading device developer in the field of continuous glucose monitoring. In addition, its general partner's other

RMB-denominated funds invest in companies including but not limited to Eyebright Medical Technology (Beijing) Co., Ltd. (愛博諾德(北京)醫療科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688050.SH)), which is an innovation-driven ophthalmic medical device manufacturer, with its products covering three major areas: ophthalmic surgical treatment, myopia prevention and control, and vision care. With aggregate investment amount in biotech and healthcare companies exceeding RMB200 million, Chongqing Xianfeng is ultimately controlled by Mr. Chen, who is a member of the Angel Investment Professional Committee of the Asset Management Association of China and has over 25 years of extensive experience in early-stage investment, fundraising, investment management and M&A advisory.

As at the Latest Practicable Date, the assets under management of Chongqing Xianfeng amounted to approximately RMB1.25 billion.

Chifeng Zaiji

Chifeng Zaiji is a limited partnership formed on March 22, 2022 under the laws of the PRC, focusing on rendering enterprise management consulting services. As of the Latest Practicable Date, Chifeng Zaiji was owned as to (i) approximately 53.33% by its general partner, Mr. Huang; (ii) approximately 26.67% by one of its limited partners, Ms. Qi Jinhua (齊金花) ("**Ms. Qi**"); and (iii) 20.00% by one of its limited partners, Ms. Zhu Yunyi (朱耘逸) ("**Ms. Zhu**"). Each of Mr. Huang, Ms. Qi and Ms. Zhu is an Independent Third Party.

Kaiyuan Hongdao

Kaiyuan Hongdao is a limited partnership formed on June 5, 2018 under the laws of the PRC, focusing on, amongst others, venture capital, project investment, equity investment, asset management and investment management. As of the Latest Practicable Date, Kaiyuan Hongdao was owned as to (i) approximately 56.57% by one of its limited partners, Beijing Zhongguancun Venture Capital Development Co., Ltd. (北京中關村創業投資發展有限公司) ("**Beijing Zhonguancun**"), which is ultimately controlled by Beijing SASAC; (ii) approximately 1.14% by its general partner, Beijing Kaiyuan Zhengdao Venture Capital Center (Limited Partnership) (北京開元正道創業投資中心(有限合夥)) ("**Kaiyuan Zhengdao**"), which is ultimately controlled by Mr. Cui Songhe (崔松鶴) ("**Mr. Cui**"); and (iii) 42.29% by its other five limited partners, none of which owned over 30% partnership interest in Kaiyuan Hongdao. Each of Beijing Zhongguancun, Beijing SASAC, Kaiyuan Zhengdao and Mr. Cui is an Independent Third Party.

Yuhang Lapam

Yuhang Lapam is a limited partnership formed on March 28, 2019 under the laws of the PRC, focusing on investment in non-securities businesses, industrial investment, investment management consulting and asset management. As of the Latest Practicable Date, Yuhang Lapam was owned as to (i) approximately 3.70% by its general partner, Xizang Lapam Management Consulting Center (Limited Partnership) (西藏龍磐管理諮詢中心(有限合夥)) ("**Lapam Consulting**"), which is ultimately controlled by Mr. Yu Zhihua (余治華) ("**Mr. Yu**") and owned as to 7.50% by Dr. Han (our non-executive Director) as one of the limited partners; and (ii) approximately 96.30% by its 21 limited partners, none of which owned over 30.00% partnership interest in Yuhang Lapam. Each of Lapam Consulting and Mr. Yu is an Independent Third Party.

Xizang Zhifan

Xizang Zhifan is a limited partnership formed on November 17, 2020 under the laws of the PRC, focusing on enterprise management consulting, market research and venture capital. As of the Latest Practicable Date, Xizang Zhifan was owned as to (i) approximately 0.26% by its general partner, Ms. Liu Jing (劉婧) ("**Ms. Liu**"), an Independent Third Party; and (ii) approximately 99.74% by its 14 limited partners, none of which owned over 30% partnership interest in Xizang Zhifan.

Nanjing Lestar

Nanjing Lestar is a limited partnership formed on February 5, 2021 under the laws of the PRC, focusing on, among others, drug retailing, medical research and experimental development. As of the Latest Practicable Date, Nanjing Lestar was owned as to (i) 30.00% by one of its limited partners, Mr. Chen Shengyuan (陳聲援) ("**Mr. Chen**"); (ii) 30% by one of its limited partners, Mr. Wang Wen (王文) ("**Mr. Wang**"); (iii) 9.00% by its general partner, Mr. Xu Sheng (徐盛) ("**Mr. Xu**"); and (iv) 31.00% by its other 11 limited partners, none of which owned over 30.00% partnership interest in Nanjing Lestar. Each of Mr. Chen, Mr. Wang and Mr. Xu is an Independent Third Party.

Heze Jurong

Heze Jurong is a limited partnership formed on November 11, 2021 under the laws of the PRC, focusing on private equity fund management, venture capital fund management services, enterprise management, enterprise management consulting and venture capital. As of the Latest Practicable Date, Heze Jurong was owned as to (i) approximately 1.00% by its general partner, Heze Shanlan Investment Management Co., Ltd. (菏澤山藍投資管理有限公司) ("**Heze Shanlan**"), which is ultimately controlled by Mr. Liu Daozhi ("**Mr. Liu**"); and (ii) approximately 99.01% by its 8 limited partners, none of which owned over 30% partnership interest in Heze Jurong. Each of Heze Shanlan and Mr. Liu is an Independent Third Party.

Jiaxing Zhenyan

Jiaxing Zhenyan is a limited partnership formed on November 11, 2021 under the laws of the PRC, focusing on equity investment and related consulting services. As of the Latest Practicable Date, Jiaxing Zhenyan was owned as to (i) approximately 0.10% by its general partner, Zhejiang Zhenyan Investment Management Co., Ltd. (浙江箴言投資管理有限公司) ("**Zhenyan Investment**"), which is ultimately controlled by Mr. Wang Delang (王德啷) ("**Mr. Wang Delang**"); (ii) approximately 39.56% by one of its limited partners, Ms. Yong Xinghui (雍星慧) ("**Ms. Yong**"); and (iii) approximately 60.34% by its other 4 limited partners, none of which owned over 30.00% partnership interest in Jiaxing Zhenyan. Each of Zhenyan Investment, Mr. Wang Delang and Ms. Yong is an Independent Third Party.

Inner Mongolia Niutu

Inner Mongolia Niutu is a limited liability company established on May 20, 2020 under the laws of the PRC, focusing on, amongst others, public relations services and financial consulting. As of the Latest Practicable Date, Inner Mongolia Niutu was wholly-owned by Ms. Zhang Bingling (張炳玲), an Independent Third Party.

Dongyue

Dongyue is a limited liability company established on April 7, 2000 under the laws of the PRC, focusing on, amongst others, used car dealership and used car brokerage. As of the Latest Practicable Date, Dongyue was wholly-owned by Mr. Dou Wenzhong (竇文忠), an Independent Third Party.

Yitang Chuangxin

Yitang Chuangxin is a limited partnership formed on September 25, 2015 under the laws of the PRC, focusing on, amongst others, venture capital business. As of the Latest Practicable Date, Yitang Chuangxin was owned as to (i) approximately 0.02% by its general partner, Yitang Xinchuang (Beijing) Investment Management Co., Ltd. (屹唐欣創(北京)投資管理有限公司) ("**Yitang Xinchuang**"), which is ultimately controlled by Beijing Economic and Technological Development Zone Finance and State-owned Assets Bureau (北京經濟技術開發區財政國資局)

("**Beijing Development Zone**"); and (ii) approximately 99.98% by its limited partner, Beijing Yizhuang International Investment Development Co., Ltd. (北京亦莊國際投資發展有限公司) ("**Beijing Yizhuang**"), which is ultimately controlled by Beijing Development Zone. Each of Yitang Xinchuang, Beijing Yizhuang and Beijing Development Zone is an Independent Third Party.

Huaxia Longying

Huaxia Longying is a limited partnership formed on November 19, 2021 under the laws of the PRC, focusing on investment management and investment consulting. As of the Latest Practicable Date, Huaxia Longying was owned as to (i) approximately 1.00% by its general partner, Beijing Capital Technology Development Group Investment Management Co., Ltd. (北京首都科技發展集團投資管理有限公司) ("**Beijing Capital Development**"), which is ultimately controlled by Beijing Municipal Science and Technology Commission (北京市科學技術委員會) ("**Beijing Science and Technology**"); and (ii) approximately 99.00% by its limited partner, Huaxia Wealth Management Co., Ltd. (華夏理財有限責任公司) ("**Huaxia WM**"), which is ultimately controlled by Beijing SASAC. Each of Beijing Capital Development, Beijing Science and Technology, Huaxia WM and Beijing SASAC is an Independent Third Party.

Beike Zhengqi

Beike Zhengqi is a limited partnership formed on May 8, 2023 under the laws of the PRC, focusing on equity investment, investment management and asset management. As of the Latest Practicable Date, Beike Zhengqi was owned as to (i) 1.00% by its general partner, Beijing Kehui Venture Capital Fund Management Co., Ltd. (北京科慧創業投資基金管理有限公司) ("**Beijing Kehui**"), which is ultimately controlled by Beijing Municipal People's Government (北京市人民政府) ("**Beijing Government**"); (ii) 39.00% by one of its limited partners, Zhengqi (Beijing) Asset Management Co., Ltd. (正奇(北京)資產管理有限公司) ("**Zhengqi Beijing**"), which is ultimately controlled by Chinese Academy of Sciences (中國科學院) ("**CAS**"); and (iii) 60.00% by its other four limited partners, none of which owned over 30.00% partnership interest in Beike Zhengqi. Each of Beijing Kehui, Beijing Government, Zhengqi Beijing and CAS is an Independent Third Party.

Beijing Bosentong

Beijing Bosentong is a limited liability company established on November 9, 2023 under the laws of the PRC, focusing on, amongst others, technical services, technology development, technical consultation, technical exchanges, technology transfer and technology promotion. As of the Latest Practicable Date, Beijing Bosentong was wholly-owned by Mr. Yang Maosen (楊茂森), an Independent Third Party.

The background information of Yitang Dingxin, Beijing Tongxi, Shanxi Zhongwei and Inner Mongolia Jingtong, four of our [**REDACTED**] Investors ceased to hold any interest in our Company as at the Latest Practicable Date, is as follows:

Yitang Dingxin

Yitang Dingxin is a limited partnership formed on February 9, 2021 under the laws of the PRC, focusing on technical services, technology development and software development. As of the Latest Practicable Date, Yitang Dingxin was owned as to (i) approximately 11.11% by its general partner, Mr. Zheng Hao (鄭浩) ("**Mr. Zheng**"), an Independent Third Party; and (ii) approximately 88.89% by its six limited partners, none of which owned over 30.00% partnership interest in Yitang Dingxin.

Beijing Tongxi

Beijing Tongxi is a limited partnership formed on June 28, 2022 under the laws of the PRC, focusing on enterprise management consulting, enterprise management and socio-economic consulting services. As of the Latest Practicable Date, Beijing Tongxi was owned as to (i) 90.00% by its general partner, Mr. Yu Jianzhang (余鑒璋), an Independent Third Party; and (ii) 10.00% by its limited partner, Mr. Wang Guanyun (王冠蘊).

Shanxi Zhongwei

Shanxi Zhongwei is a limited liability company established on May 15, 2014 under the laws of the PRC, focusing on, amongst others, general cargo warehousing services. As of the Latest Practicable Date, Shanxi Zhongwei was owned as to (i) 50.00% by Mr. Liu Qiping (劉奇平) ("**Mr. Liu Qiping**"); and (ii) 50.00% by Mr. Guo Wei (郭偉) ("**Mr. Guo**"). Each of Mr. Liu Qiping and Mr. Guo is an Independent Third Party.

Inner Mongolia Jingtong

Inner Mongolia Jingtong is a limited liability company established on June 20, 2012 under the laws of the PRC, focusing on, amongst others, printing of packaging and decoration printed matter and construction engineering. As of the Latest Practicable Date, Inner Mongolia Jingtong was owned as to (i) 98.00% by Mr. Zhao Wenru (趙文如) ("**Mr. Zhao**"), an Independent Third Party; and (ii) 2.00% by Ms. Cai Xiuwen (蔡秀文).

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of the core employees of our Company, and to incentivize them to further promote our development, we adopted the [**REDACTED**] Share Incentive Plan and granted awards to eligible grantees under the [**REDACTED**] Share Incentive Plan directly or indirectly through the partnership interest in the Employee Shareholding Platforms. For further details of the [**REDACTED**] Share Incentive Plan, please refer to "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 4. [**REDACTED**] Share Incentive Plan" to this document.

To streamline the management of share incentives and effectively segregate different batches granted to eligible participants, and after considering the restriction on the number of limited partners of a limited partnership under the relevant PRC law, we established two limited partnerships in the PRC as our Employee Shareholding Platforms, namely Chifeng Qingxi and Chifeng Mingquan.

Details of the Employee Shareholding Platforms are set out below:

Chifeng Qingxi

Chifeng Qingxi is a limited partnership formed on March 12, 2020 under the laws of the PRC, focusing on furnishing enterprise management consulting services. As of the Latest Practicable Date, Chifeng Qingxi was owned as to (i) 40% by one of its limited partners, Dr. Du, our executive Director and deputy general manager; (ii) 5.50% by its general partner, Mr. Li, one of our Controlling Shareholders, chairman of the Board, executive Director and general manager; and (iii) 54.50% by Mr. Wu (our executive Director, chief financial officer, Board secretary and one of the joint company secretaries) and other 17 limited partners, none of which owned over 30% partnership interest in Chifeng Qingxi.

Chifeng Mingquan

Chifeng Mingquan is a limited partnership formed on March 17, 2022 under the laws of the PRC, focusing on rendering enterprise management consulting services. As of the Latest Practicable Date, Chifeng Mingquan was owned as to (i) approximately 16.56% by its general partner, Mr. Li, one of our Controlling Shareholders, chairman of the Board, executive Director and general manager; and (ii) approximately 83.44% by other 18 limited partners, none of which owned over 30% partnership interest in Chifeng Mingquan.

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.

COMPLIANCE WITH GUIDE FOR NEW LISTING APPLICANTS

On the basis that (i) the consideration for the [**REDACTED**] Investments was settled more than 28 clear days before the date of our first submission of the [**REDACTED**] application form to the Stock Exchange in relation to the [**REDACTED**] or no less than 120 clear days before the [**REDACTED**] (as the case may be), and (ii) no effective special rights of the [**REDACTED**] Investors will exist after the [**REDACTED**], the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PREVIOUS PRC LISTING STATUS AND PLAN

Quoting on the NEEQ

To improve our corporate image and governance as well as to gain access to the equity capital market, the Company made an application for listing on the Beijing Stock Exchange. According to the provisions of the listing rules of the Beijing Stock Exchange, one way of becoming eligible to apply for listing is for an applicant to be an innovative tier company that has been continuously quoted on the NEEQ for 12 months (the "**Eligibility Requirement**"). Therefore and in order to meet the Eligibility Requirement, our then Shareholders resolved to apply for our Domestic Shares to be quoted on the NEEQ in 2022.

On November 15, 2022, our Company received approval for quoting its Domestic Shares on the NEEQ. On December 7, 2022, all issued Domestic Shares became quoted on the NEEQ under the stock code of 873969.

Voluntary Delisting from NEEQ

In implementation of our internationalization strategy, we intended to access the international capital markets characterized by globally diversified investor pool, sophisticated cross-border financial ecosystem and aligned global regulatory standards and thus maintaining our quotation on NEEQ is no longer practically necessary. Accordingly, having regard to the current capital markets environment and with a view to integrating internal and external resources more effectively, advancing a capitalization path more aligned with our own development needs and better maximizing the interests of the Company and all Shareholders, our Board resolved to voluntarily delist our Shares from the NEEQ. The delisting proposal was duly approved by our Shareholders on December 2, 2025. On December 22, 2025, our Shares were delisted from the NEEQ through a voluntary delisting application.

Our Directors confirmed that (i) during the period in which our Shares were quoted on the NEEQ, our Company and our respective directors had complied with all applicable PRC laws and regulations in relation to our Company's quotation on the NEEQ in all material respects; (ii) during the period in which our Shares were quoted on the NEEQ and up to the Latest Practicable Date, our Company and our respective directors were not subject to any investigations or disciplinary, regulatory or enforcement actions in relation to our Company's quotation on the NEEQ; and (iii) there has not been any matter that needs to be brought to the attention of the regulators and Hong Kong Stock Exchange in respect of our Company's quotation on the NEEQ and its subsequent delisting. Based on the foregoing confirmation and the searches conducted on the official website of the NEEQ and the CSRC and the listing material, our PRC Legal Advisor is of the view that

during the period in which the Company was quoted on the NEEQ, there are no records indicating that the Company and its respective directors had been subject to any administrative penalty by the NEEQ as a result of any material non-compliance with the rule of NEEQ. Based on the independent due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would lead them to cast doubts on the Directors' confirmation or the Company's PRC Legal Advisor's view with regard to the compliance records of the Company on the NEEQ.

A-Share Listing Application

On March 1, 2024, CITIC Securities Company Limited (中信證券股份有限公司) was engaged by our Company to provide tutoring and preliminary compliance advice with regard to the requirements of the CSRC for the application for potential A share listing on the Beijing Stock Exchange (the "**Pre-listing Tutorial**"), and we submitted the materials for the Pre-listing Tutorial to the Beijing Bureau of the CSRC on the same day. On June 25, 2025, the Company passed the inspection by the Beijing Bureau of the CSRC in respect of the Pre-listing Tutorial and submitted application for A-share listing on the Beijing Stock Exchange (the "**A-Share Listing Application**") on the same day.

Although the Company has devoted substantial time and efforts to the Pre-listing Tutorial and the A-Share Listing Application, we are convinced that an international listing venue such as Hong Kong may offer favorable conditions for our long-term development, including an international investor base, high professionalism and maturity of institutional investors, flexible and market-oriented listing mechanisms, excellent liquidity and valuation flexibility, as well as strong connectivity to international capital markets, which are consistent with our long-term development goals and more conducive to the Company's global strategy, industry competitiveness and long-term value enhancement. Our Directors consider that the Stock Exchange, as an internationally recognized and reputable stock exchange, can provide us with a good platform to access the international capital markets and will provide us with the necessary funding to increase our competitiveness by assisting us to expand our operations and strengthen our business prospects, and raise our profile and market awareness of our brand name, and thus would be a more suitable venue for us to access international equity markets. In particular, the Stock Exchange offers a mature Chapter 18A framework tailored for clinical-stage biotechnology companies and a robust international investor base. Accordingly, having regard to our future strategic development and external environment of the capital markets, the Board resolved to withdraw the A-Share Listing Application on a voluntary basis on October 30, 2025 as our Company has decided to pursue [**REDACTED**] on the Stock Exchange. At the time of such withdrawal, the A-Share Listing Application was at the stage of pending acceptance of submission materials and there were no material comments raised by the relevant regulatory authorities. As confirmed by our Directors, there was no dispute between our Company and any parties engaged by our Company for the Pre-listing Tutorial and the A-Share Listing Application.

The Directors are of the view that there are no other matters relating to the Pre-listing Tutorial and the A-Share Listing Application that might affect our suitability for [**REDACTED**] on the Stock Exchange or need to be brought to the attention of the Stock Exchange and the potential investors. Based on the independent due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would lead them to cast doubts on the Directors' view above.

PUBLIC FLOAT AND FREE FLOAT

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the Shares held by our core connected persons, representing [**REDACTED**]% of the issued share capital of our Company, will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**]. Details of share capital that will not be regarded as public float immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) are set out below:

(a) Mr. Li, Chifeng Qingxi and Chifeng Mingquan, being our Controlling Shareholders, are core connected persons of our Company, and will hold approximately [**REDACTED**]% in aggregate of the total issued Shares of our Company;

(b) Pharmaceutical Fund, Kaiyuan Hongdao, Yitang Chuangxin, Huaxia Longying and Beike Zhengqi, which are all under control of Beijing Government, are core connected persons of our Company, and will hold approximately [**REDACTED**]% in aggregate of the total issued Shares of our Company; and

(c) Dr. Han, being the non-executive Director of our Company and therefore a core connected person of our Company, will hold approximately [**REDACTED**]% of the total issued Shares of our Company.

Public Float

Pursuant to Rule 19A.13A(1) of the Listing Rules, where the expected [**REDACTED**] at the time of [**REDACTED**] of our Company's H Shares does not exceed HK$6 billion, at least 25% of the total number of H Shares must at the time of the [**REDACTED**] be held by the public. With respect to the indicative [**REDACTED**] Range of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low end, mid-point and upper-end, respectively), the expected [**REDACTED**] of the Company's H Shares would not exceed HK$[**REDACTED**]. Assuming that all the [**REDACTED**] are allotted, the number of H Shares (including H Shares that are converted from Domestic Shares) held by the public at the time of the [**REDACTED**] would be [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total number of issued H Shares), which will be regarded as public float and will satisfy the requirement under Rule 19A.13A(1) of the Listing Rules.

Free Float

Pursuant to Rule 19A.13C(1) of the Listing Rules, there must be sufficient H shares where an applicant is a PRC issuer with no other listed shares at the time of [**REDACTED**], held by the public and available for trading upon [**REDACTED**]. This would normally mean that the portion of the H shares for which [**REDACTED**] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [**REDACTED**], must: (1) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [**REDACTED**] (excluding treasury shares), with an expected market value at the time of [**REDACTED**] of not less than HK$[**REDACTED**]; or (2) have an expected market value at the time of [**REDACTED**] of not less than HK$[**REDACTED**].

The Company is expected to satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

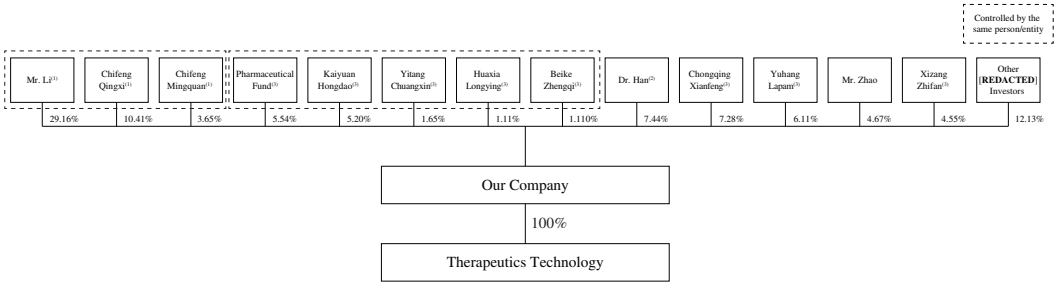
The following table illustrates the capitalization of the Company as of the date of this document and immediately upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised).

	As of the Latest Practicable Date		Upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised)					
Shareholder	Number of Shares	Percentage of shareholding in the Domestic Shares	Number of H Shares	Percentage of Shareholding in the H Shares	Number of Domestic Shares	Percentage of Shareholding in the Domestic Shares	Number of Shares	Percentage of shareholding in the total issued share capital of our Company
		(%)		(%)		(%)		(%)
Mr. Li	56,043,356	29.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chifeng Qingxi	20,000,000	10.41	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Han	14,288,676	7.44	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chongqing Xianfeng	13,992,556	7.28	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yuhang Lapam	11,737,018	6.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pharmaceutical Fund	10,638,296	5.54	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Kaiyuan Hongdao	10,000,000	5.20	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao	8,971,296	4.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xizang Zhifan	8,740,858	4.55	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chifeng Mingquan	7,017,544	3.65	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Heze Jurong	3,827,752	1.99	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yitang Chuangxin	3,170,212	1.65	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Shen	2,965,758	1.54	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Bosentong	2,659,660	1.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Ai	2,371,126	1.23	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Lestar	2,222,222	1.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Inner Mongolia Niutu	2,127,660	1.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huaxia Longying	2,127,658	1.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beike Zhengqi	2,127,658	1.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chifeng Zaiji	1,913,888	1.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Zhenyan	1,275,918	0.66	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dongyue	1,063,830	0.55	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other [REDACTED] Investors	2,887,482	1.50	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other H Share [REDACTED] for H Shares under the [REDACTED]	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	192,170,424	100.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[100.00]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Our Corporate Structure Immediately Prior to the Completion of the [REDACTED]

The following chart sets forth our corporate structure immediately prior to the completion of the [**REDACTED**].



Notes:

1. Mr. Li, Chifeng Qingxi and Chifeng Mingquan are our Controlling Shareholders. For details, please refer to the section headed "Relationship with our Controlling Shareholders" in this document.

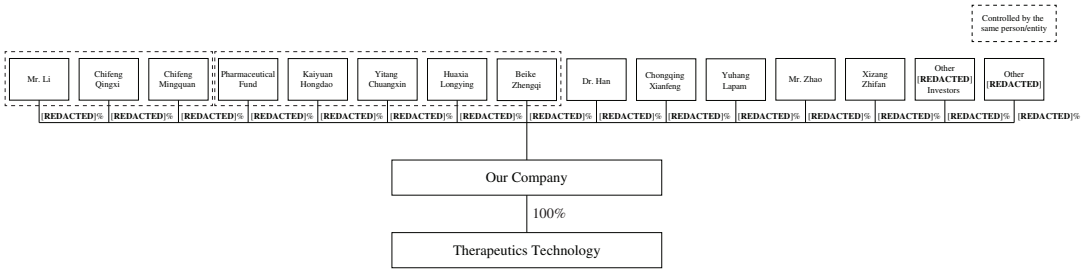
2. Dr. Han is the non-executive Director of our Company.

3. For the details of the background information of Chongqing Xianfeng, Yuhang Lapam, Pharmaceutical Fund, Kaiyuan Hongdao, Yitang Chuangxin, Huaxia Longying, Beike Zhengqi, Xizang Zhifan, please refer to the paragraph headed "[**REDACTED**] Investments" in this section.

4. Shareholding percentages may not add up to 100% due to rounding.

Our Corporate Structure Immediately Following Completion of the [REDACTED]

The following chart sets forth our corporate structure immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).



OVERVIEW

Founded in 2016, we are a biotech company focusing on the treatment of immune-inflammation diseases with locally-delivered targeted therapies. We specialize in chronic inflammatory disease treatment, aiming to provide comprehensive solutions that achieve efficacy, safety and long-term patient satisfaction.

Our portfolio of product candidates comprise of self-developed small molecule drugs, including our Core Product PG-011 (Pumecitinib), as well as three other innovative drug candidates and five generic drug candidates. Our late-stage Core Product PG-011 (Pumecitinib) is a small molecule JAK1/2 inhibitor, and is being developed in two dosage forms, namely Pumecitinib gel for mild-to-moderate atopic dermatitis and Pumecitinib nasal spray for moderate-to-severe allergic rhinitis as lead indications. Our other proprietary drug candidates include PG-033 tablets for pruritus, PG-018 tablets for autoimmune kidney diseases, and PG-040 ophthalmic solution for glaucoma, as well as five generic drug candidates targeting multiple chronic inflammatory diseases.

- **Pumecitinib gel**: potentially the first JAK inhibitor gel for the treatment of atopic dermatitis upon approval, for which we have completed Phase IIb/III clinical trial for the indication of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17. We submitted the NDA of Pumecitinib gel for such indication and was accepted by the NMPA in February 2026. We are also expanding the indications of Pumecitinib gel to treat mild-to-moderate atopic dermatitis in children aged two to 11.

- **Pumecitinib nasal spray**: potentially the first JAK inhibitor nasal spray for the treatment of seasonal allergic rhinitis ("**SAR**") upon approval, for which we have completed the final dosing in a Phase IIb/III clinical trial for the indication of moderate-to-severe SAR in adults. We are also expanding the indications of Pumecitinib nasal spray for treatment of SAR in adolescents aged 12 to 17 and for treatment of perennial allergic rhinitis ("**PAR**") in adults.

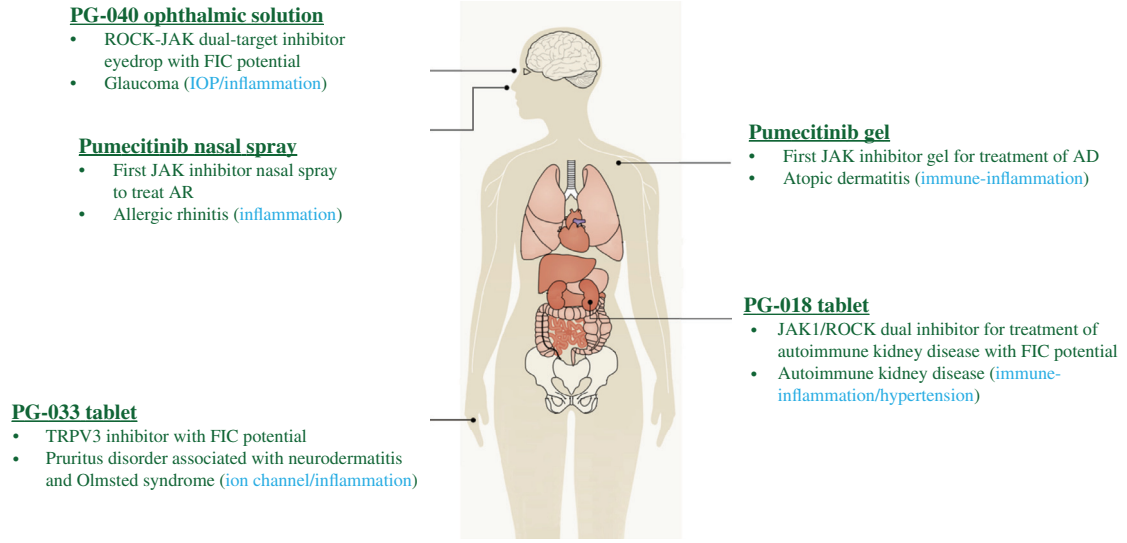
- **PG-033 tablet**: a transient receptor potential vanilloid 3 ("**TRPV3**") inhibitor of calcium ion release channels that blocks pruritus signaling pathways, currently under Phase I clinical trial. In addition to treating pruritus associated with neurodermatitis, we have also extended the indication of PG-033 to relieve intractable pruritus and hyperkeratosis associated with Olmsted syndrome, a genetic disease triggered by hyperactivation of the TRPV3 gene. The disease has no approved therapies and represents urgent medical needs.

- **PG-018 tablet**: a JAK1-ROCK dual-target inhibitor to treat autoimmune kidney diseases, targeting both JAK1 and endothelin receptor-related Rho-associated coiled-coil containing protein kinase ("**ROCK**"), currently under Phase I clinical trial. PG-018 is designed to inhibit the abnormally activated immune functions by acting on JAK1 and reduce blood pressure by acting on ROCK. Targeting on two pathological mechanisms simultaneously, PG-018 is expected to achieve synergistic clinical benefits for treating autoimmune kidney diseases such as membranous nephropathy and IgA nephropathy.

- **PG-040 ophthalmic solution**: a ROCK-JAK dual-target ophthalmic solution as a novel treatment of glaucoma. It is designed to reduce intraocular pressure ("**IOP**") by ROCK inhibition and to achieve an anti-inflammation effect by JAK inhibition. It is expected to deliver synergistic clinical benefits and achieve superior optic nerve protection compared with conventional glaucoma therapies that focus primarily on IOP lowering.

Our Collective Understanding of Inflammatory Pathways in Chronic Diseases and Their Clinical Applications

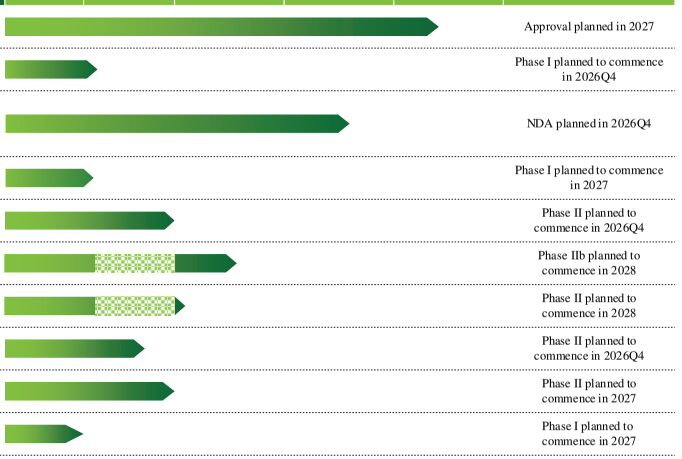
Immunology and inflammation have long been the core area of our R&D efforts. Abnormal activation of immune-related pathways (as typified by the JAK-STAT pathway) is a shared pathological mechanism of numerous chronic diseases. Based on this fundamental insight, we aim to bridge the gap between mechanistic research and clinical translation and address medical needs through the modulation of such key pathways. We have established an integrated R&D platform of targeted drug molecule design and formulation development, and built a diverse product pipeline for chronic inflammatory disorders, covering multiple therapeutic indications. The diagram below illustrates the targeted organs and tissues of our major product candidates.



Our Product Pipeline

Our product pipeline mainly consists of self-developed drug candidates. As of the Latest Practicable Date, the progress of our clinical-stage drug candidates was as follows:

Pipeline	Origin	Target(s) and Classification	Indication(s)	Dosage Form	Clinical Regimen	Commercial Rights	Competent Authority	R&D/Commercial Partner	Expected Milestones
PG-011★ (Pumecitinib)	Self-Developed	JAK1/2 inhibitor (small molecule)	mild-to-moderate AD (adults, adolescents aged 12 to 17)	Gel	Monotherapy	Global[4]	NMPA	Hospitals, CRO, SMO, CMO	Approval planned in 2027
			mild-to-moderate AD (children aged two to 11)	Gel	Monotherapy	Global[4]	NMPA	CRO	Phase I planned to commence in 2026Q4
			moderate-to-severe SAR (adults)	Nasal Spray	Monotherapy	Global[5]	NMPA	Hospitals, CRO, SMO, CMO, Commercial Cooperation Organizations	NDA planned in 2026Q4
			moderate-to-severe SAR (adolescents aged 12 to 17)	Nasal Spray	Monotherapy	Global[5]	NMPA	/	Phase I planned to commence in 2027
			PAR (adults)	Nasal Spray	Monotherapy	Global[5]	NMPA	Hospitals, CRO, SMO, CMO	Phase II planned to commence in 2026Q4
			PN[1]	Gel	Monotherapy	Global[4]	NMPA	Hospitals, CRO, SMO, CMO	Phase IIb planned to commence in 2028
			NSV[2]	Gel II[3]	Monotherapy	Global	NMPA	Hospitals, CRO, CMO	Phase II planned to commence in 2028
PG-033	Self-Developed	TRPV3 inhibitor (small molecule)	Pruritus (China)	Tablet	Monotherapy	Global	NMPA	Hospitals, SMO, CMO	Phase II planned to commence in 2026Q4
PG-018	Self-Developed	JAK/ROCK inhibitor (small molecule)	Membranous Nephropathy	Tablet	Monotherapy	Global	NMPA	Hospitals, SMO, CMO	Phase II planned to commence in 2027
PG-040	Self-Developed	ROCK/JAK inhibitor (small molecule)	Glaucoma	Eyedrop	Monotherapy	Global	NMPA	CRO, CMO	Phase I planned to commence in 2027



Abbreviations: JAK: Janus kinase; ROCK: Rho-associated coiled-coil containing protein kinase; TRPV3: transient receptor potential vanilloid 3; AD: atopic dermatitis; SAR: seasonal allergic rhinitis; PAR: perennial allergic rhinitis; PN: prurigo nodosa; NSV: non-segmental vitiligo

Notes:

★ = Core Product

(1) We completed a Phase I clinical trial of Pumecitinib gel for atopic dermatitis in November 2020, which proved the safety of Pumecitinib gel and laid the foundation for the clinical development of Pumecitinib for other indications, including prurigo nodosa. Based on the result of such Phase I clinical trial, we have received the IND approval for Phase II clinical trial for Pumecitinib gel for the indication of prurigo nodosa, with no additional Phase I clinical trial required.

(2) We completed a Phase I clinical trial of Pumecitinib gel (II) for atopic dermatitis in January 2024, which proved the safety of Pumecitinib gel (II) and laid the foundation for the clinical development of Pumecitinib for other indications, including NSV indication. Based on the result of such Phase I clinical trial, we have received the IND approval for Phase II clinical trial for Pumecitinib gel (II) for the indication of non-segmental vitiligo, with no additional Phase I clinical trial required.

(3) Represents a different formulation composition for Pumecitinib gel, which can further improve the transdermal permeation of the drug.

(4) We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib gel with Jiangsu Simcere Pharmaceutical Co., Ltd. For details, see "— Major Collaboration and Licensing Agreements."

(5) We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib nasal spray with Jumpcan Pharmaceutical Group Limited. For details, see "— Major Collaboration and Licensing Agreements."

Our Core Product: PG-011 (Pumecitinib) — a JAK1/JAK2 Inhibitor designed for topical use

PG-011 (Pumecitinib) is a small molecule inhibitor targeting JAK1/JAK2, specifically designed to be suitable for topical use. As a key pathway of the "immune-inflammation" network, the JAK-STAT pathway can simultaneously transmit multiple cytokines relating to immune, inflammation and pruritus, making it an ideal target to develop locally-delivered targeted therapies (such as Pumecitinib) for atopic dermatitis and allergic rhinitis. To reduce systemic safety risks, we aim to develop topical JAK inhibitors with minimal absorption to blood.

As of the Latest Practicable Date, we had completed a Phase IIb/III clinical trial of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17. We submitted the NDA of Pumecitinib gel for such indication and was accepted by the NMPA in February 2026. We also completed the final dosing in a Phase IIb/III clinical trial of Pumecitinib nasal spray for moderate-to-severe SAR, and we are also actively exploring indication expansions for Pumecitinib, including PAR, prurigo nodularis and non-segmental vitiligo.

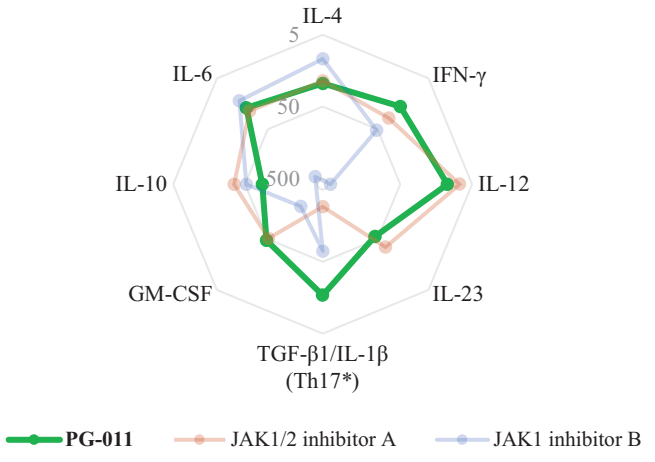
Pumecitinib gel: potentially the first JAK inhibitor gel for the treatment of atopic dermatitis

Atopic dermatitis is a recurring chronic inflammatory skin disease that needs long-term management. Currently, there are more than 72 million atopic dermatitis patients in China, of which over 90% are mild-to-moderate cases, with a relatively high proportion being pediatric patients. Despite the availability of multiple treatment options for atopic dermatitis, a substantial proportion of patients remain inadequately controlled and/or experience adverse events. This highlights a significant unmet medical need for novel, effective and well-tolerated treatment regimens.

Pumecitinib gel can achieve comprehensive anti-inflammation effects, and is designed to ensure safety, long-term tolerance and patient compliance in clinical application. It can address medical needs arising from insufficient efficacy and undesirable adverse reactions of traditional topical drugs, significant systemic side effects of oral JAK inhibitors associated with high blood drug concentration, and greasiness of currently approved ointments.

- Pumecitinib can potently inhibit multiple inflammatory cytokines such as IL-4, IFN-γ, IL-6, IL-12, IL-1β and TGF-β1, covering a wider range of inflammatory factors. By inhibiting on more inflammation-related factors, it is designed to block inflammatory signal transduction from the origin.

  The following chart illustrates the inhibitory effect of Pumecitinib compared with two other approved JAK inhibitors:



- Through molecular modification and formulation optimization tailored for localized treatment, Pumecitinib gel is designed to retain in the skin and achieve potent local efficacy, while reducing potential safety issues resulted from high blood drug concentration, as demonstrated in clinical trials.

  In the Phase III part of clinical trial, Pumecitinib gel demonstrated low systemic exposure, with mean plasma concentrations derived from sparse blood sampling remained at low levels, ranging from 0.052 ng/mL to 0.149 ng/mL for all applicable treatment groups and sample collections throughout the 52 weeks of treatment with 3% gel. By comparison, other approved topical JAK inhibitors have reported, at their respective treatment formulation concentrations, higher systemic exposure of 17.1 – 17.7 ng/mL (for ruxolitinib) and 4.3 – 11.4 ng/mL (for delgocitinib).

- Pumecitinib gel is grease-free and convenient to apply, and spreads evenly on the skin, thus rendering a mild and soothing touch. It overcomes the issue of greasiness associated with some of the traditional topical preparations. These attributes lead to favorable patient compliance.

As potentially the first topical JAK inhibitor gel for treatment of atopic dermatitis upon approval, Pumecitinib gel demonstrates good efficacy in adult and adolescent mild-to-moderate atopic dermatitis patients. Compared with similar products under development in China, Pumecitinib gel shows promising results in all key efficacy endpoints. Based on clinical trial results, Pumecitinib gel is expected to achieve desirable efficacy level with relatively low systemic exposure, rendering it a suitable option for long-term maintenance treatment of chronic diseases such as atopic dermatitis.

Given Pumecitinib gel's advantages of the lower systemic absorption and skin-friendliness, its clinical application could be expanded to pediatric populations that require higher safety standards due to their thinner, more sensitive and delicate skin. We are currently planning to commence the Phase I clinical trial of Pumecitinib gel for the treatment of atopic dermatitis in children aged two to 11 years.

Pumecitinib nasal spray: potentially the first JAK inhibitor nasal spray for the treatment of seasonal allergic rhinitis

Symptoms of allergic rhinitis mainly include nasal congestion, runny nose, sneezing, nasal itching and hyposmia, which significantly affect patients' quality of life. According to Frost & Sullivan, there are currently more than 246 million patients with allergic rhinitis in China, with large and rapidly growing market size expected to exceed RMB22.1 billion by 2033. According to Frost & Sullivan, approximately 60% of patients in China experience disease recurrence after treatment with conventional therapies. As such, there are considerable clinical demands for effective drug products to overcome the obstacles faced by the traditional hormone mechanism and provide both potent efficacy and good safety.

Pumecitinib nasal spray is potentially the first JAK inhibitor nasal spray for the treatment of SAR upon approval. The localized-delivery of JAK inhibitor enabled by nasal spray device offers a new treatment of allergic rhinitis. It is capable of simultaneously controlling nasal and ocular allergic symptoms, delivering a strong relief of symptoms while alleviating the side effects associated with systemic medications and/or localized application of hormones.

- Through the dosage form of nasal spray, Pumecitinib is directly delivered to the inflammatory target area of the nasal mucosa. This ensures efficient drug absorption in the nasal mucosa to provide quick and strong relief of core symptoms of allergic rhinitis, such as sneezing, nasal congestion, runny nose and nasal itching.

The following table sets forth a comparison of efficacy between Pumecitinib nasal spray and an approved nasal spray therapy (Olopatadine Hydrochloride and Mometasone Furoate Monohydrate Nasal Spray, also known as GSP301) combining antihistamine (olopatadine hydrochloride) and corticosteroid (mometasone furoate), with the lease-squared (LS) mean difference between the treatment and placebo groups demonstrating the efficacy of the relevant drug:

	Pumecitinib Nasal Spray (IIa)				Pumecitinib Nasal Spray (IIb)				Olopatadine Hydrochloride and Mometasone Furoate Monohydrate Nasal Spray (GSP301)[1]			
	1.0%, BID	0.6%, BID	0.1%, BID	Placebo	0.6%, BID	0.6%, QD	0.3%, BID	Placebo	GSP301 (665μg/25μg, BID)	Olopatadine hydrochloride (665μg, BID)	Mometasone furoate (25μg, BID)	Placebo
Average baseline rTNSS	9.4	9.8	9.5	8.9	10.1	10.1	9.8	9.8	10.1	10.2	10.2	10.3
Change from baseline (LS mean)	-3.497	-3.479	-3.057	-2.295	-4.187	-3.008	-3.177	-1.983	-3.5	-3.1	-3.1	-2.4
LS mean difference (95% CI)	-1.202 (-2.193, -0.211)[2]	-1.184 (-2.188, -0.180)[2]	-0.762 (-1.765, 0.240)[2]	n/a	-2.204 (-2.985, -1.423)[2]	-1.026 (-1.793, -0.258)[2]	-1.195 (-1.962, -0.427)[2]	n/a	n/a	-0.4 (-0.8, -0.1)[3]	-0.5 (-0.9, -0.1)[3]	-1.1 (-1.5, -0.7)[3]

Notes:

(1) Data extracted from the FDA-approved label for GSP301.

(2) Represents the LS mean difference in rTNSS between the relevant treatment group and the placebo group.

(3) Represents the LS mean difference in rTNSS between the relevant treatment/placebo group and the GSP301 treatment group.

- In addition to the relief of nasal symptoms, Pumecitinib nasal spray also relieves ocular allergic symptoms associated with allergic rhinitis, simultaneously solving the common clinical problem of combined ocular and nasal allergies. It is one of the few drugs that have shown comprehensive improvement in both nasal and ocular symptoms in clinical trials.

- Pumecitinib nasal spray offers a new non-steroidal therapy and alleviates the side effects that are commonly associated with intranasal corticosteroids, such as nose bleeding, nasal dryness, nasal mucosa thinning and headaches, and provides SAR patients with a new treatment choice. The locally applied dosage form also helps alleviate systemic side effects associated with oral antihistamines and oral JAK inhibitors.

As potentially the first JAK inhibitor nasal spray for the treatment of SAR upon approval, Pumecitinib nasal spray pioneers a new non-steroidal treatment that simultaneously relieves both nasal and ocular symptoms. Clinical trial data show that it has the potential to provide a strong and effective treatment of moderate-to-severe allergic rhinitis, and is expected to bring a new treatment plan for the majority of rhinitis patients, including adults and adolescents.

Our Other Clinical-stage Pipeline Products

PG-033 tablets: oral small molecule TRPV3 inhibitor for treatment of pruritus

Pruritus is a common clinical symptom that poses treatment challenges. As a traditional therapy for pruritus, antihistamine often demonstrates lack of desirable relief of symptoms. Other traditional therapies including glucocorticoids and immunomodulators often cause adverse reactions and are not suitable for long-term use.

Olmsted syndrome is a rare genetic disease triggered by hyperactivation the TRPV3 gene due to pathogenic gain-of-function mutations. It is associated with severe pruritus and skin hyperkeratosis. Currently, there is no approved therapy for Olmsted syndrome, which presents a significant unmet medical need.

As a clinical-stage oral small molecule TRPV3 inhibitor, PG-033 is designed to block the pruritus signaling pathway and presents the potential of a new treatment plan. By specifically targeting TRPV3, PG-033 is designed to block pruritus signal mediated by multiple pro-inflammatory cytokines, and has demonstrated marked pruritus relief in pre-clinical studies, with the potential to benefit patients in clinical settings. In addition, PG-033 specifically inhibits the over-activation of TRPV3, which is the cause of Olmsted syndrome.

Currently, we are advancing the Phase I clinical trial of PG-033, bringing a new treatment for pruritus patients who are not satisfied with existing therapies. It also brings hope for patients with the rare disease of Olmsted syndrome. We plan to further expand the indications for PG-033 to other types of pruritus and/or hyperkeratosis disorders.

PG-018 tablets: dual-target inhibitor of JAK1 and endothelin receptor-related ROCK for treatment of autoimmune kidney diseases

PG-018 is a small molecule drug that selectively inhibits both JAK1 and endothelin receptor-related ROCK. Since there is currently no approved drug for membranous nephropathy globally, we believe PG-018 could potentially provide an effective treatment for the disease. Based on the acting mechanism of PG-018, it can also be applied to the treatment of other forms of immunological kidney diseases, such as IgA nephropathy.

PG-018 tablets build a new paradigm for the treatment of autoimmune kidney diseases by acting on two pathological pathways. Given its unique acting mechanism and high drug concentration in kidney tissue as demonstrated in pre-clinical studies, PG-018 is expected to achieve enhanced effects treating autoimmune kidney disease and offer a solution to the challenges of no approved therapy (for membranous nephropathy, for example) or insufficient efficacy with single agent therapies.

- PG-018 can inhibit abnormally activated immune function by acting on JAK1, and reduce blood pressure by acting on endothelin receptor-related ROCK. As such, it is expected to offer a more effective treatment for autoimmune kidney diseases through strong synergistic effects.

- In pre-clinical studies, PG-018 has demonstrated the characteristic of kidney tissue-preferential distribution. This allows efficient accumulation of PG-018 molecules at renal lesion sites, enabling it to act more effectively on the target organ.

Currently, PG-018 is under Phase I clinical trial, and is expected to start Phase II clinical trial in 2027. It is expected to offer a new treatment option for autoimmune kidney disease patients to simultaneously inhibit abnormally activated immune function and lower blood pressure without combined medications.

Our Pre-clinical Pipeline Candidate

PG-040 ophthalmic solution: a ROCK-JAK dual-target inhibitor for treatment of glaucoma

Glaucoma is an ocular degenerative disease characterized by elevated IOP, leading to decreased visual acuity and visual field defects. If not treated in time, it may lead to vision loss and eventual blindness. It is one of the top three eye diseases causing blindness.

Recent research has found that immune-inflammation is one of the core driving mechanisms of optic nerve damage. As such, we developed PG-040, a ROCK-JAK dual-target inhibitor for treatment of glaucoma. It is designed to simultaneously target IOP reduction and inflammation inhibition, representing a promising candidate for next-generation glaucoma treatment.

PG-040 integrates the effects of ROCK inhibitors and JAK inhibitors to simultaneously combine IOP reduction and anti-inflammation, thus achieving synergistic effect to better protect the optic nerve. It has potential advantages over existing glaucoma treatments, which mainly focus on IOP control while still facing challenges of progressive optic nerve damage, visual field defect and/or blindness.

- Through ROCK pathway inhibition, PG-040 can reduce aqueous humor outflow resistance by relaxing trabecular meshwork cells and lowering episcleral venous pressure. This helps enhance aqueous humor drainage and reduce IOP, which is traditionally recognized as the core risk factor for glaucoma-related blindness.

- Through JAK pathway inhibition, PG-040 can suppress glaucoma-associated inflammation. Specifically, it inhibits immune responses triggered by retinal ganglion cell dysfunction and sustained excessive glial activation, thereby protecting retinal ganglion cells and delaying progressive neurodegeneration associated with glaucoma. This aligns with the latest recognition that inflammatory optic nerve damage, in addition to IOP elevation, is a key factor contributing to glaucoma-related blindness.

We submitted an IND application of PG-040 for the treatment of glaucoma to the NMPA in May 2026. We expect to initiate a Phase I clinical trial of PG-040 in 2027. PG-040 is expected to provide a more comprehensive and effective treatment option for glaucoma patients, achieving the comprehensive effect for the treatment of glaucoma of IOP control, anti-inflammation, and optic nerve protection.

Our Other Pre-clinical Pipeline Candidates

In addition to the clinical-stage pipeline products above, we are extending our pre-clinical pipeline to other chronic diseases such as urticaria, chronic kidney diseases, acute and chronic pain, metabolic and degenerative diseases, cardiovascular and cerebrovascular diseases, and wound healing disorders. Targeting the physiological barrier characteristics and specific pathways of different tissues, we customize molecular designs and formulate differentiated, targeted treatment strategies. We believe this diversified, wide-covering portfolio of pipeline candidates will further strengthen our core competitiveness and bring us resilience against market fluctuations and strengthen our competitiveness.

Our Generic Drug Pipeline Products

While actively promoting the development of innovative drugs, we also engage in generic drug research and development, building a more robust product matrix with a strategic focus on dermatological diseases through the combination of innovative and generic drugs. The indications of our generic drug candidates effectively supplement our innovative drug product portfolio. We expect that the commercialization of such generic drug products will enable us to realize near-term monetary values, as well as build up and strengthen our commercialization capabilities.

OUR STRENGTHS

Forward-looking layout of multiple proprietary pipeline products focusing on the field of immune-inflammation

We have established a diversified product pipeline, comprising multiple independently-developed small molecule innovative drug candidates as well as a number of generic drug candidates targeting multiple diseases. We believe chronic inflammatory diseases share an overlapping pathogenic network anchored in signaling pathways, typified by the JAK-STAT pathway. Based on this insight, coupled with our profound understanding of the clinical pain points and application scenarios for the treatment of these diseases, we have established a diversified product pipeline across multiple therapeutic areas through targeted original design. For atopic dermatitis, we are developing potentially the first topical JAK inhibitor gel upon approval, with a dedicated focus on optimizing patient comfort in external application; for allergic rhinitis, we have pioneered the introduction of a novel JAK-targeted anti-inflammatory strategy, establishing our leading position in this field; for glaucoma and autoimmune kidney diseases, we have leveraged our molecular design capabilities to pursue next-generation treatment with superior efficacy compared to conventional therapies. Further, building on our collective understanding of neuroimmune mechanisms such as cellular crosstalk and molecular regulation, we have targeted upstream ion channels and developed PG-033, a TRPV3 inhibitor.

Our core product, PG-011 (Pumecitinib), is a topical small-molecule inhibitor targeting JAK1/JAK2, with leading indications including mild-to-moderate atopic dermatitis (as potentially the first JAK inhibitor gel upon approval) and moderate-to-severe SAR (as potentially the first JAK inhibitor nasal spray for this indication upon approval); other proposed indications for PG-011, such as prurigo nodularis and non-segmental vitiligo, are also under development. In addition to PG-011, our portfolio of proprietary drug candidates also include PG-033 (a TRPV3 inhibitor for moderate-to-severe pruritus), PG-018 (a dual-target inhibitor for autoimmune kidney diseases), PG-040 (a dual-target inhibitor for treatment of glaucoma), and PG-312 (a MRGPRX2 inhibitor for urticaria).

Through our R&D endeavors, we have established a diversified product pipeline covering skin diseases, allergic rhinitis, glaucoma, kidney diseases, and pruritus. We believe our market-driven small-molecule product pipeline is well-positioned to address a broad range of indications with significant medical needs, with a strategic focus on immune-inflammatory diseases and new topical drugs for dermatological diseases.

Considerable commercialization potential of our Core Product reinforced by strategic alliance with pharmaceutical leaders

According to Frost & Sullivan, the total number of patients with atopic dermatitis in China reached approximately 72.9 million in 2024 and is expected to increase to approximately 77.5 million and 80.8 million in 2028 and 2033, respectively, with over 90% patients having progressed to mild-to-moderate disease. This presents a significant addressable market for Pumecitinib gel with urgent medical needs, particularly given the limitations of traditional treatments. As of the Latest Practicable Date, we had completed the Phase IIb/III clinical trial of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17, which ranked among the most advanced among drug candidates under clinical development in China. In parallel, we are planning to expand the target patient population to include pediatric patients aged two to 11 years.

Additionally, allergic rhinitis is also significantly impacting a vast population in China and globally. According to Frost & Sullivan, there are currently more than 246 million patients with allergic rhinitis in China, of which approximately 40% suffer from SAR, representing a market of substantial size with rapid growth potential. Based on its unique mechanism of action and local administration advantages, we believe Pumecitinib may provide a new treatment option for patients

with insufficient response to existing therapies, with commercialization potential as represented by the considerable patient population. As of the Latest Practicable Date, we completed the final dosing in a Phase IIb/III clinical trial of Pumecitinib nasal spray for moderate-to-severe SAR in adults. We expect to complete data analysis and submit the NDA for Pumecitinib nasal spray in the fourth quarter of 2026. As of the Latest Practicable Date, we had entered into an exclusive cooperation agreement with Jumpcan Pharmaceutical Group Limited ("**Jumpcan Pharmaceutical**") on the commercialization and marketing of Pumecitinib nasal spray and an exclusive cooperation agreement with Jiangsu Simcere Pharmaceutical Co., Ltd. ("**Simcere Pharmaceutical**") regarding the marketing and distribution of Pumecitinib gel. For details, see "— Major Collaboration and Licensing Arrangements."

In addition, the convenient administration attribute of the topical forms of our Core Product is precisely compatible with online diagnostic and prescription scenarios, alleviating patients from the burden of onsite visits. In the future, we may expand our market channels with third-party e-commerce platforms, further unleashing the commercialization potential of our Core Product. Furthermore, we are also actively exploring indication expansions for Pumecitinib, including PAR, prurigo nodularis and non-segmental vitiligo, which we believe may further enhance its commercialization potential.

Integrated full-chain drug R&D system with comprehensive technical capabilities covering the entire drug development lifecycle

We have established an integrated, end-to-end drug research and development platform covering all stages in drug research and development from early-stage discovery to clinical development and commercialization. Leveraging our in-house R&D capabilities, we have advanced a number of independently discovered molecules* into clinical-stage studies.

We have assembled a comprehensive drug research and development and commercialization platform comprising expertise in biology, medicinal chemistry, pharmacology and toxicology, drug synthesis, pharmaceutical formulation, pharmaceutical analysis, regulatory affairs, clinical medicine, clinical operations, pharmacovigilance, project management, manufacturing quality and commercial operations. This multidisciplinary structure supports effective product lifecycle management spanning research and development, quality management and pharmacovigilance, enabling us to manage our product candidates systematically from discovery through post-marketing stages.

Our in-house research and development capabilities encompass all key stages of drug development, including drug target identification and mechanism-of-action validation, translational medicine research, molecule design and screening, pre-clinical studies, manufacturing and controls, as well as clinical trial design and execution. These capabilities allow us to maintain a high degree of control over development timelines, quality standards and strategic decision-making across both early- and late-stage development programs.

Proprietary core technology platforms for sustained R&D momentum

We have established proprietary and synergistic R&D platforms from novel original design to translational medicine, empowered by our accumulated know-hows in precision delivery. This enables us to efficiently transform in-depth medicine insights into differentiated drug candidates. We conduct targeted molecular design based on multi-dimensional analysis of pathological microenvironment, cellular signal networks and ideal drug properties. Targeting the need for promising skin retention and low systemic exposure in atopic dermatitis, we successfully developed the Pumecitinib molecule, whose physicochemical properties are a superb match for local treatment

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* Our major pipeline candidates were all derived from our research and development platforms and self-developed by us to the clinical stage, including PG-011, PG-033, PG-018 and PG-040.

goals. Furthermore, our formulation capabilities transform potent molecules into suitable and user-friendly dosage forms. Pumecitinib gel and Pumecitinib nasal spray are direct evidence of our ability to transform molecular blueprints into convenient formulations available to patients.

Our translational medicine platform serves as an accelerator and decision-making hub connecting the laboratory and clinical practice. It verifies scientific hypotheses and guides clinical development through the construction of highly relevant disease models. The synergistic features of our technology platforms fuel our continuous innovation. Together, they drive the rapid advancement of our pipelines, enabling us to systematically address a series of medical needs from common chronic inflammation to complex intractable diseases.

Experienced leadership and high-caliber team

We are led by an experienced management team, and we have established effective mechanisms to attract and retain high-caliber professional talent to support the sustainable development of our business. As of April 30, 2026, approximately 92.0% of our full-time employees had obtained degree of bachelors or above, with over 50% of our total full-time employees possessing advanced degrees of masters or above, reflecting the strong academic foundation of our workforce. Our core R&D personnel have extensive experience in the relevant areas and have received multiple awards in recognition of their professional achievements. Our executive Director, deputy general manager and chief medical officer Dr. Du has over 20 years of experience in the pharmaceutical industry and extensive experience in drug development, including discovery, clinical development, product launch and management, with more than 20 articles published in the relevant professional area. Prior to joining our Company, Dr. Du worked for over a decade at leading multinational pharmaceutical companies Pfizer Inc. and GlaxoSmithKline Plc., where he led key research and development initiatives. We believe that the depth of experience of our management team and the strong professional capabilities of our research and development personnel provide a solid foundation for the execution of our development strategy and our long-term business growth.

OUR STRATEGIES

Advance the development progress of our Core Product and pipeline candidates

We intend to continue devoting resources and execution focus to the advancement and commercialization of our Core Product. As of the Latest Practicable Date, Pumecitinib gel had completed the Phase IIb/III clinical trial for the treatment of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17. We submitted the NDA of Pumecitinib gel for such indication and was accepted by the NMPA in February 2026. In parallel, we also completed the final dosing in a Phase IIb/III clinical trial of Pumecitinib nasal spray for the treatment of moderate-to-severe SAR, with an NDA submission planned for the fourth quarter of 2026. We plan to allocate substantial internal resources to support clinical execution, regulatory preparation and manufacturing readiness for our Core Product.

In addition to advancing our Core Product, we will continue to advance our existing pipeline products through disciplined progression of clinical and early-stage studies. As of the Latest Practicable Date, PG-018 was under Phase I clinical trials, and we expect to initiate Phase II clinical trials in 2027; PG-033 was under Phase I clinical trial for the indication of pruritus, with Phase II clinical trial expected to commence in the fourth quarter of 2026; PG-040 and PG-312 were progressing steadily through pre-clinical and early-stage studies. Through a balanced approach that combines near-term value realization with sustained pipeline development, we aim to build a diversified portfolio of drug candidates addressing significant medical needs.

Prepare commercialization layout for our Core Product and future pipeline

We plan to enhance the commercial readiness for our Core Product by commencing the construction of our proprietary manufacturing facility for Pumecitinib gel and Pumecitinib nasal spray prior to obtaining the regulatory approval for commercialization. We expect the construction period for these production lines to be approximately two years, subject to regulatory requirements,

construction progress and equipment commissioning. Through early capacity planning and manufacturing readiness, we aim to enhance our ability to support the commercial launch and post-approval supply of our Core Product while maintaining compliance with applicable GMP standards and ensuring desirable product quality control.

In terms of commercialization, we are actively engaging in discussions with leading domestic pharmaceutical companies regarding collaboration opportunities for the commercialization rights of our Core Product. Such collaborations are intended to leverage the partners' established commercial infrastructure and market access capabilities to accelerate the market penetration and sales growth of our Core Product after regulatory approval. As of the Latest Practicable Date, we had entered into an exclusive cooperation agreement with Jumpcan Pharmaceutical on the commercialization rights of Pumecitinib nasal spray and an exclusive cooperation agreement with Simcere Pharmaceutical regarding the marketing and distribution of Pumecitinib gel. For details on our cooperation with such marketing and commercialization partners, see "— Major Collaboration and Licensing Arrangements." We believe we can rapidly promote our Core Product and achieve sales growth upon its commercialization, leveraging our existing and potential partners' distribution channels and commercialization track records. Additionally, we plan to timely establish our in-house marketing team in line with our product launch schedule, and cooperate with our partners in formulating and implementing comprehensive commercialization and marketing plans for our products. With such collaboration, we believe our in-house marketing team could also be well-poised for the marketing and promotion of our future commercialized drug products.

Further advance drug development through our integrated R&D platforms

We have established an integrated, end-to-end drug R&D platform and accumulated solid R&D capabilities. Our platform can efficiently advance core discovery activities, including early-stage novel target exploration and lead compound identification, and ensure continuity across subsequent development phases. This lays a solid foundation for the development of drugs in the field of immune and inflammatory diseases. Focusing on significant medical needs, we will continue to leverage our R&D platform to build our sustainable and differentiated product pipeline, forming a business foundation with both clinical value and commercial potential.

Building on our existing platform and research accumulation on multiple targets (such as JAK, ROCK, and TRPV3) and related pathways, we intend to further enhance our platform efficiency and deepen our R&D efforts. Going forward, we will focus on the discovery and research of core biological mechanisms, including inflammation and immune-related pathways, ion channels, the interaction between inflammatory microenvironment and immune cells, and neuro-immune regulation, to guide our drug development and achieve breakthroughs in both the depth and breadth of our R&D capabilities. In parallel, we will focus on addressing the three core challenges in the clinical translation of original drugs, namely target druggability verification, translation barriers, and seamless connection between pre-clinical and clinical studies.

We believe that translational medicine is critical to overcoming the bottlenecks in the development of original drugs. However, translational medicine capabilities remain relatively underdeveloped in China. We seek to address this gap by achieving a precise alignment between disease biology and therapeutic targets through the integration of cutting-edge technologies. We expect that this approach will not only identify suitable targets for specific diseases, but also enables us to explore appropriate indications for cutting-edge targets. Specifically, we plan to integrate cutting-edge technologies, such as organoids, single-cell sequencing, multi-omics analysis, *in vivo* imaging and live-cell imaging, together with AI computing power and algorithms, to support indication-specific target discovery, target-indication adaptation, target combination strategies and clinical treatment regimens optimization from a holistic perspective. This is expected to lay a strong foundation for overcoming key obstacles in clinical translation and advancing the development of original drugs.

To enhance the efficiency of our platform upgrading and R&D deepening, we plan to adopt a strategy combining external collaboration, industry-university integration, and AI empowerment, with the objective of building a comprehensive R&D cooperation ecosystem. Specifically, we intend to: (i) Collaborate with external professional translational medicine institutions to supplement technical capabilities and support novel target discovery and indication expansion; and

(ii) deepen our research collaboration with academic institutions, such as universities, and jointly advance the application of cutting-edge technologies, delivering R&D outputs with advanced technologies such as organoids, single-cell sequencing, multi-omics analysis, *in vivo* imaging and live-cell imaging, thereby establishing a closed-loop translational pathway from basic research to industrialized and clinical application.

All of our collaboration initiatives are closely aligned with considerable medical needs, and are supported by AI technology across the workflow. We plan to continue leveraging AI technology to integrate cross-disciplinary and multi-dimensional R&D data, strengthen our translational medicine research platform, and overcome the core technical barriers in the clinical translation of original drugs. Through these efforts, we aim to continuously strengthen our capabilities in candidate drug screening and optimization, novel target discovery and indication expansion, thereby supporting the long-term, high-quality development of our business.

Recruit, cultivate and retain talents to enrich team capabilities

We plan to continue recruiting suitable high-end talents in fields such as drug discovery, clinical development, translational medicine, and regulatory affairs in the core treatment areas of immunology and inflammation, to further promote our R&D capability and achieve long-term development. At the same time, we plan to establish a sound mentorship and training framework, encourage cross-departmental cooperation, strengthen employees' scientific and project management capabilities, and cultivate comprehensive talents with a global perspective.

In addition, we plan to establish an in-house marketing team and the corresponding marketing compliance management framework. The team members will mainly include medical affairs, market access, marketing promotion, business, sales and compliance personnel. We will also recruit academic promotion personnel in our key markets for medical affairs and market education work. We have appointed our head of sales and marketing, and will ensure all necessary sales and marketing personnel are in place and well-trained before our Core Product receives regulatory approval for commercialization. We also plan to develop a proper personnel management and performance review framework specifically for our sales and marketing team.

We maintain strict standards during the recruitment of our team members, including but not limited to educational background, relevant industry experience, and proven performance track records. At the same time, we will formulate performance targets, follow-up and evaluation mechanisms, as well as incentive plans and personnel development plans to motivate the team members and improve their long-term performance.

OUR PRODUCT PIPELINE

We primarily engage in the research, development and commercialization of proprietary drugs in the immune-inflammation field. We believe that optimal treatment originates from a deep understanding of diseases and patients. As such, we have established a diversified therapeutic portfolio spanning dermatology, rhinology, ophthalmology and nephrology by leveraging our core capabilities, namely innovation, original design and local delivery. Our strategy is to address significant medical needs by introducing effective localized therapies with clinically validated mechanisms, followed by extension of such precision intervention paradigm to a broader range of chronic inflammatory diseases. Through this approach, we aim to consistently deliver next-generation therapeutic solutions that achieve efficacy, safety and long-term patient experience.

As of the Latest Practicable Date, our product pipeline comprised four proprietary drug candidates covering 10 indications, as well as five generic drug candidates targeting multiple chronic inflammatory diseases, all of which are self-developed.

The following chart illustrates our proprietary drug pipeline and summarizes the development status of our clinical-stage drug candidates as of the Latest Practicable Date.

Pipeline	Origin	Target(s) and Classification	Indication(s)	Dosage Form	Clinical Regimen	Commercial Rights	Competent Authority	R&D/Commercial Partner	Expected Milestones
PG-011★ (Pumecitinib)	Self-Developed	JAK1/2 inhibitor (small molecule)	mild-to-moderate AD (adults, adolescents aged 12 to 17)	Gel	Monotherapy	Global[4]	NMPA	Hospitals, CRO, SMO, CMO	Approval planned in 2027
			mild-to-moderate AD (children aged two to 11)	Gel	Monotherapy	Global[4]	NMPA	CRO	Phase I planned to commence in 2026Q4
			moderate-to-severe SAR (adults)	Nasal Spray	Monotherapy	Global[5]	NMPA	Hospitals, CRO, SMO, CMO, Commercial Cooperation Organizations	NDA planned in 2026Q4
			moderate-to-severe SAR (adolescents aged 12 to 17)	Nasal Spray	Monotherapy	Global[5]	NMPA	/	Phase I planned to commence in 2027
			PAR (adults)	Nasal Spray	Monotherapy	Global[5]	NMPA	Hospitals, CRO, SMO, CMO	Phase II planned to commence in 2026Q4
			PN[1]	Gel	Monotherapy	Global[4]	NMPA	Hospitals, CRO, SMO, CMO	Phase IIb planned to commence in 2028
			NSV[2]	Gel II[3]	Monotherapy	Global	NMPA	Hospitals, CRO, CMO	Phase II planned to commence in 2028
PG-033	Self-Developed	TRPV3 inhibitor (small molecule)	Pruritus (China)	Tablet	Monotherapy	Global	NMPA	Hospitals, SMO, CMO	Phase II planned to commence in 2026Q4
PG-018	Self-Developed	JAK/ROCK inhibitor (small molecule)	Membranous Nephropathy	Tablet	Monotherapy	Global	NMPA	Hospitals, SMO, CMO	Phase II planned to commence in 2027
PG-040	Self-Developed	ROCK/JAK inhibitor (small molecule)	Glaucoma	Eyedrop	Monotherapy	Global	NMPA	CRO, CMO	Phase I planned to commence in 2027

Abbreviations: JAK: Janus kinase; ROCK: Rho-associated coiled-coil containing protein kinase; TRPV3: transient receptor potential vanilloid 3; AD: atopic dermatitis; SAR: seasonal allergic rhinitis; PAR: perennial allergic rhinitis; PN: prurigo nodosa; NSV: non-segmental vitiligo

★ = Core Product

(1) We completed a Phase I clinical trial of Pumecitinib gel for atopic dermatitis in November 2020, which proved the safety of Pumecitinib gel and laid the foundation for the clinical development of Pumecitinib for other indications, including prurigo nodosa. Based on the result of such Phase I clinical trial, we have received the IND approval for Phase II clinical trial for Pumecitinib gel for the indication of prurigo nodosa, with no additional Phase I clinical trial required.

(2) We completed a Phase I clinical trial of Pumecitinib gel (II) for atopic dermatitis in January 2024, which proved the safety of Pumecitinib gel (II) and laid the foundation for the clinical development of Pumecitinib for other indications, including NSV. Based on the result of such Phase I clinical trial, we have received the IND approval for Phase II clinical trial for Pumecitinib gel (II) for the indication of non-segmental vitiligo, with no additional Phase I clinical trial required.

(3) Represents a different formulation composition for Pumecitinib gel, which can further improve the transdermal permeation of the drug.

(4) We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib gel with Jiangsu Simcere Pharmaceutical Co., Ltd. For details, see "— Major Collaboration and Licensing Agreements."

(5) We entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib nasal spray with Jumpcan Pharmaceutical Group Limited. For details, see "— Major Collaboration and Licensing Agreements."

OUR CLINICAL STAGE PIPELINE PRODUCTS

Core Product PG-011 (Pumecitinib): A JAK1/JAK2 Inhibitor Designed for Topical Use

Overview

Our Core Product PG-011 (Pumecitinib) is a topical small molecule inhibitor targeting JAK1/JAK2. We developed Pumecitinib by thorough integration of signaling pathway regulation with real-world patient treatment needs, enabling a paradigm shift from systemic inhibition to localized precision treatment.

As PG-011 targets the upstream JAK1/JAK2, it is capable of addressing a number of inflammatory immune diseases. We strategically select potentially viable indications of PG-011 with considerable clinical needs and market potentials (including atopic dermatitis, allergic rhinitis, PN and NSV) for development, in corresponding applicable dosage forms, which is in line with industry norm as a common practice in regulatory stance. We believe this also helps expedite the regulatory approval process as the regulator may leverage its previous review and understanding of PG-011 when reviewing and approving PG-011 products for different indications. In addition, we may also rely on safety results obtained in previous Phase I clinical trials when developing the same dosage form of PG-011 for new indications, which helps expedite our development progress and reduce development cost. Currently, we are developing PG-011 in two dosage forms, namely gel and nasal spray, targeting multiple intended indications.

Pumecitinib gel is potentially the first JAK inhibitor in gel form to treat atopic dermatitis upon approval, while Pumecitinib nasal spray is potentially the first JAK inhibitor nasal spray globally for the treatment of seasonal allergic rhinitis ("**SAR**") upon approval, according to Frost & Sullivan. Both the two dosage forms of PG-011 locally deliver the active molecules to the affected sites, thus reducing the adverse effects resulting from systemic exposure commonly observed in the traditional form of oral JAK inhibitors.

We initiated the development of PG-011 in June 2017. Utilizing our Novel Drug Design and Discovery Platform, we were able to proprietarily design and select among various potent candidates in-house. We determined the PG-011 molecule and initiated pilot test by the end of 2017. We initiated IND-enabling studies of PG-011 in April 2018, completed all systemic animal studies and full IND-enabling pre-clinical evaluations by the end of 2019, and received IND approval from the NMPA in May 2020, marking the official entry into clinical development. We also conducted long-term safety studies of PG-011 in multiple animal models, including dermal toxicity study of PG-011 gel in rats and minipigs, and intranasal toxicity study of PG-011 nasal spray in Beagle dogs. Aside from partial histopathological alterations in reproductive and renal tissues noted in the mid- and high-dose minipig groups, the predominant toxicological finding was reduced lymphocyte counts in the spleen and thymus attributable to the pharmacological activity of the test article. Systemic exposure levels in all animal tests above at the no-observed-adverse-effect level (NOAEL) were substantially higher than those anticipated in human patients following clinical administration, demonstrating a considerable therapeutic safety margin.

As of the Latest Practicable Date, we had completed a Phase IIb/III clinical trial of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17 in China. We submitted the NDA of Pumecitinib gel for such indication and was accepted by the NMPA in February 2026. Subject to regulatory approval, Pumecitinib gel has the potential to provide a new, non-steroidal treatment option for patients with mild-to-moderate atopic dermatitis. In parallel, we are planning to expand the target patient population to include pediatric patients aged two to 11 years.

As of the Latest Practicable Date, we completed the final dosing in a Phase IIb/III clinical trial of Pumecitinib nasal spray for moderate-to-severe SAR in adults. We expect to complete data analysis and submit the NDA for Pumecitinib nasal spray in the fourth quarter of 2026. We are also planning to expand the target patient population to include adolescents aged 12 to 17, with Phase I clinical trial planned to commence in 2027. Additionally, we are also actively exploring indication expansions for Pumecitinib, including perennial allergic rhinitis ("**PAR**"), prurigo nodularis and non-segmental vitiligo. For details, see "— Clinical Development Plan."

Mechanism of Action

Research suggests that immune dysregulation, impairment of the skin barrier function and disruption of the skin microbiome are among the key contributing factors of atopic dermatitis. Patients with atopic dermatitis commonly exhibit multiple immunological abnormalities, among

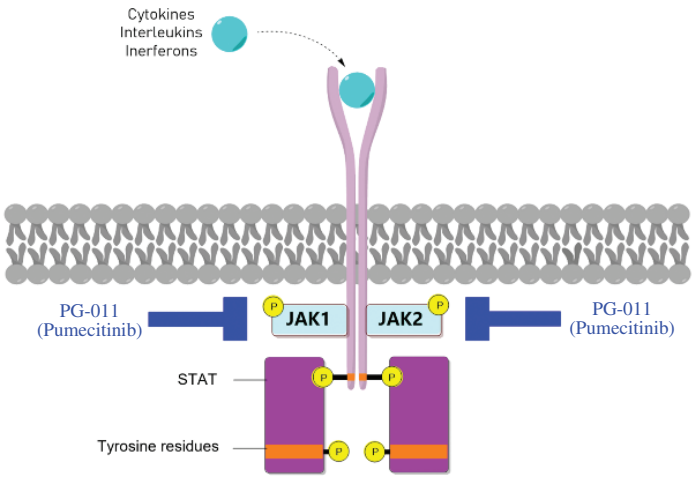
which T helper 2 ("**Th2**") cell-mediated inflammatory responses are considered to be closely associated with disease onset and progression. IL-4 and IL-13 produced by Th2 cells are upregulated in patients with atopic dermatitis. Upon binding to their respective receptors, IL-4 and IL-13 activate JAKs, which are members of the intracellular protein tyrosine kinase family, and subsequently lead to phosphorylation of STAT proteins. This signaling cascade results in reduced expression of filaggrin, thereby contributing to skin barrier defects.

PG-011 is a small molecule that selectively inhibits JAK1/JAK2, thereby suppressing the JAK-STAT signaling pathway, a cytokine-stimulated signal transduction pathway that is involved in numerous critical biological processes, including cell proliferation, differentiation, apoptosis and immune regulation. Dysregulation or aberrant upregulation of the JAK-STAT signaling pathway may give rise to inflammatory diseases, autoimmune diseases or cancer.

For patients with allergic rhinitis, allergen-specific IgE is produced following inhalation of allergens through the nasal cavity. Such IgE binds to IgE receptors on the surface of mast cells and basophils, leading to allergic reactions. Upon re-exposure, allergen-induced IgE binding to its receptors triggers the release of histamine and other inflammatory mediators, resulting in vasodilation of the nasal mucosa and increased glandular secretion, thereby causing symptoms such as nasal itching and sneezing.

The pathogenesis of allergic rhinitis is also closely associated with activation of the JAK-STAT signaling pathway. Pumecitinib nasal spray exerts its therapeutic effects by inhibiting the kinase activity of JAK1/JAK2, thereby suppressing JAK-STAT signaling pathway transduction, resulting in regulation of inflammatory responses associated with allergic rhinitis. By targeting and inhibiting JAK activity, and thereby interfering with cytokine-driven inflammatory signal transduction, Pumecitinib nasal spray can achieve multi-dimensional therapeutic effects during both the acute exacerbation phase and the chronic inflammatory phase of allergic rhinitis.

The diagram below illustrates the mechanism of action of PG-011:



Source: Company information

Market Opportunity and Competition

Atopic dermatitis is a common inflammatory skin disease, usually characterized by chronic and relapsing complications with the need for long-term treatment. The World Health Organization's Global Burden of Disease analysis indicates that skin diseases rank fourth among non-fatal disease burdens globally, with atopic dermatitis ranking first among non-fatal skin diseases in terms of disease burden. The persistence and progression of atopic dermatitis often have varying degrees of adverse impact on patients' daily life and social interactions.

According to Frost & Sullivan, the total number of patients with atopic dermatitis in China reached approximately 72.9 million in 2024, and is expected to increase to approximately 77.5 million and 80.8 million in 2028 and 2033, respectively, of which over 90% are suffering from mild-to-moderate disease. At present, innovative topical therapies for atopic dermatitis mainly include topical JAK inhibitors and phosphodiesterase-4 inhibitors. According to Frost & Sullivan, there were only two topical JAK inhibitor products approved globally for the treatment of atopic dermatitis as of the Latest Practicable Date, namely ruxolitinib cream and delgocitinib ointment/cream. It is estimated that the market size for atopic dermatitis drugs in China will exceed RMB50.2 billion by 2033.

For an overview of the approved and clinical-stage JAK inhibitors for treatment of atopic dermatitis in China, please see "Industry Overview."

Allergic rhinitis is also significantly impacting a vast population in China and globally. According to Frost & Sullivan, there are currently more than 246 million patients with allergic rhinitis in China, of which approximately 40% suffer from SAR, representing a market of substantial size with significant growth potential. According to Frost & Sullivan, existing standard treatments primarily include intranasal corticosteroids, antihistamines and leukotriene receptor antagonists. However, long-term use of intranasal corticosteroids is often accompanied by local adverse effects such as epistaxis, nasal dryness and headache, leading to poor patient compliance, and approximately 60% of patients experience disease recurrence. Consequently, there is a strong and urgent clinical demand for effective therapies that offer both robust efficacy and favorable safety profiles.

Pumecitinib nasal spray is designed to address these unmet needs, with development objectives including: (i) simultaneous and potent control of both nasal and ocular allergic symptoms, (ii) fundamental avoidance of the typical adverse effects associated with corticosteroid therapies, and (iii) provision of a convenient single-agent therapy suitable for long-term disease management. Taking into account the above, we believe Pumecitinib gel and Pumecitinib nasal spray are expected to offer patients alternative and effective topical treatment options upon their approval with considerable commercial potential.

As of the Latest Practicable Date, there was no approved JAK inhibitor nasal spray for treatment of allergic rhinitis. For an overview of the approved drugs and clinical-stage drug candidates for treatment of allergic rhinitis in China, please see "Industry Overview."

Advantages of PG-011 (Pumecitinib)

We believe that PG-011 (Pumecitinib) has the following advantages:

Molecule specifically designed for topical administration

The previous-generation JAK inhibitors, most of which are non-selective pan-JAK inhibitors, are often associated with potential adverse effects due to unnecessary interference with other signal transduction pathways in addition to the ones related to the intended diseases. We designed Pumecitinib for topical administration with a clear objective to provide a local treatment option that effectively controls disease symptoms without safety concerns or excessive treatment burden.

Empowered by our Novel Drug Design and Discovery Platform, we engineered a unique intramolecular hydrogen-bonding structure through computer-aided drug design ("**CADD**"), which stabilizes the molecule in its optimal spatial conformation, enabling it to bind firmly at the target protein binding site. In parallel, leveraging our predictive model for dermal topical molecules ("**PRED-DERM**"), we optimized the key physicochemical parameters of the PG-011 molecule to achieve moderate skin penetration with high tissue retention while maintaining minimal systemic exposure. As a result, Pumecitinib achieves effective local activity with considerably reduced risk for common adverse effects of pan-JAK inhibitors.

The systemic exposure of Pumecitinib gel as demonstrated in our clinical data is significantly lower than that of comparable topical JAK inhibitors in published results, providing a strong safety foundation for long-term use, particularly for future expansion into pediatric patient population.

The following tables set forth a parallel comparison of clinical trial results for Pumecitinib gel with published clinical trial results for other comparable drugs, and are not based on head-to-head clinical trial results. Cross clinical trial comparison based on published clinical trials rather than head-to-head comparisons may involve differences in trial design and PK assessment measures, and may not be representative of all the relevant clinical data.

Drug	Population	Dosage	Ctrough, ss (ng/ml)
Pumecitinib gel	adolescent and adult patients with AD	3% BID	0.12
Ruxolitinib cream . .	adult patients with AD	1.5% BID	10.20

Drug	Population	Dosage	Cmax, ss (ng/ml)	AUC0-12h, ss (hr*ng/ml)
Pumecitinib gel	healthy adults	3% BID	0.101	0.823
Delgocitinib cream .	adult patients with chronic hand eczema	2% BID	0.53	4.2

Clinically validated efficacy and safety profile

Currently, the domestic treatment landscape for atopic dermatitis and allergic rhinitis is still largely dominated by traditional methods such as topical corticosteroids. Long-term use of such therapies may lead to adverse effects, such as skin atrophy and thinning, impaired skin barrier function, and irreversible striae. As a result, there is a strong and urgent clinical demand for effective non-steroid topical therapies that offer proven efficacy with a favorable safety profile. Pumecitinib gel demonstrated strong clinical values that have been validated in the Phase III part of clinical trials. Based on clinical trial results, Pumecitinib gel is expected to achieve desirable efficacy level with relatively low systemic exposure. This pharmacokinetic profile can provide a good long-term safety profile of Pumecitinib gel, making it a suitable long-term maintenance treatment for chronic diseases like atopic dermatitis.

In addition, Pumecitinib nasal spray demonstrated the ability to comprehensively control multiple symptoms in clinical trials, highlighting its strong potential to serve as a potent single-agent therapy covering a broad symptom spectrum comparable to standard-of-care treatments. Pumecitinib nasal spray is among the few therapies that have demonstrated statistically significant improvement in both nasal and ocular symptoms in clinical trials. Specifically, results from the Phase IIa and Phase IIb clinical trials show that, when compared with historical data for intranasal corticosteroids, antihistamines and fixed-dose combination therapies demonstrated in other clinical trials, changes in the primary endpoint, reflective total nasal symptom score ("**rTNSS**"), and the secondary endpoint, reflective total ocular symptom score ("**rTOSS**"), were superior or comparable. Overall, Pumecitinib nasal spray has demonstrated the potential of superior efficacy comparable to standard treatments in comprehensive symptom relief, and is expected to provide a potent, safe and convenient monotherapy treatment option for patients with recurrent disease or dissatisfaction with existing therapies.

Dosage forms designed for real-world application

The gel and nasal spray forms of Pumecitinib is a critical element of our strategy to achieve local delivery and minimize systemic exposure. For instance, we selected an aqueous gel form of Pumecitinib that helps optimize local pharmacokinetics. The non-greasy texture makes it suitable for sensitive areas such as the face, neck and intertriginous areas (skin folds) and avoid staining of clothing. More importantly, this formulation enables precise control over drug distribution and release within the skin, thereby achieving effective local treatment while minimizing systemic exposure and enhancing long-term safety and convenience of use at the formulation level.

Summary of Clinical Trials

We have conducted multiple Phase I clinical trials for PG-011 (Pumecitinib) to test its safety in healthy population and patients with indicated diseases, each in different age groups. As required by the regulatory guidelines and established industry good practice, clinical trials in adolescents are conducted after we have evaluated the preliminary safety and efficacy results in adult groups. The following table sets forth a chronological overview of Phase I clinical trials of PG-011 (Pumecitinib).

Study (Phase I)	Number and Population	Indication	Dosage form	Status and Material Results
YQ-M-19-06	44; healthy participants aged 18-45	Atopic dermatitis	Pumecitinib gel	Completed (July – November 2020); Low and stable systemic exposure of Pumecitinib gel with doses up to 3%, BID treatment for 7 days
PG-011-AD-102	20; atopic dermatitis patients aged 12 to 18 years	Atopic dermatitis	Pumecitinib gel	Completed (July 2023 – June 2024); 3% Pumecitinib gel BID treatment for 7 days showed good safety, tolerability and preliminary efficacy in adolescent patients with different BSA
PG-011-AR-101	90; healthy adult participants aged 18-55	Allergic rhinitis	Pumecitinib nasal spray	Completed (September – November 2023); Stable systemic exposure of Pumecitinib nasal spray across different dosages up to 3.0 mg, BID treatment for 7 days
PG-011-AD-104	30; healthy participants aged 12-18	Atopic dermatitis	Pumecitinib gel	Completed (Within November 2023); Low and dose-dependent systemic exposure of Pumecitinib gel
PG-011-AD-103	24; healthy participants aged 18-45	Atopic dermatitis	Pumecitinib gel II	Completed (December 2023 – January 2024); Low and stable systemic exposure of Pumecitinib gel II

The following table sets forth an overview of results of Phase II and III clinical trials of PG-011 (Pumecitinib), as grouped in Pumecitinib gel and Pumecitinib nasal spray, respectively.

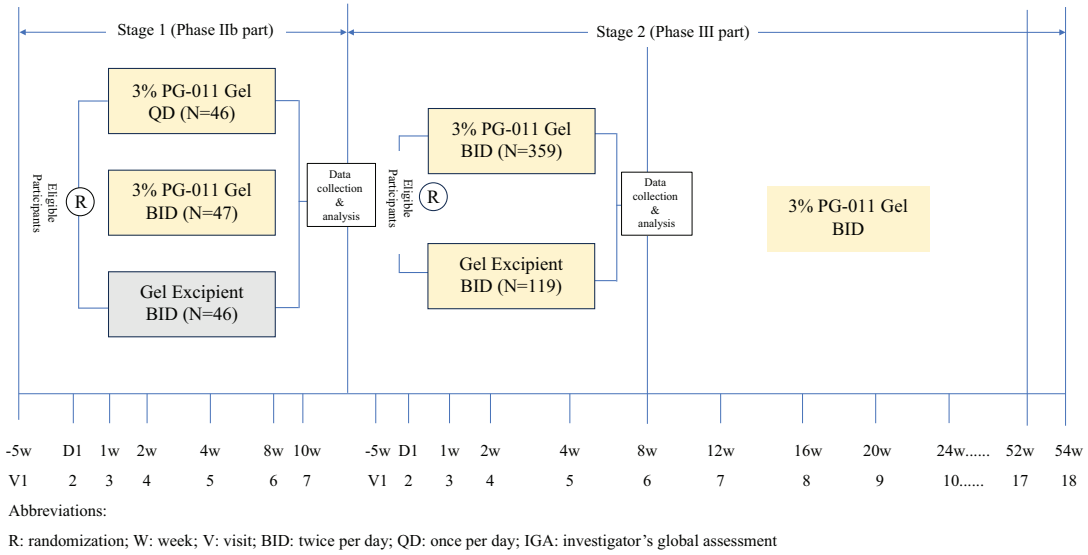
Study (Phase)	Number and Major Criteria of Participants Enrolled	Efficacy Results	TEAE Reported (Mild/ Moderate/ Severe/Life Threatening)	Frequently Occurring TEAE (Number of Cases)	Status and Material Results
PG-011-AD-301 (Phase III part), Pumecitinib gel. . .	478; atopic dermatitis patients aged 12 to 75 years, IGA score of 2 or 3, 3% ≤ BSA ≤ 20%	Both the primary endpoint (EASI-75) and key secondary endpoint (IGA success rate) were successfully achieved	Placebo: 58/9/1/0 3% PG-011 gel: 169/25/1/0	(Placebo/PG-011): Upper respiratory tract infection (2/20) Urinary tract infection (2/14) Hyperuricemia (7/20)	Completed (March 2024 - October 2025); statistically significant superior efficacy over placebo ($p < 0.001$) and favorable long-term safety
PG-011-AD-301 (Phase IIb part), Pumecitinib gel. . .	139; atopic dermatitis patients aged 18 to 65 years, IGA score of 2 or 3, 3% ≤ BSA ≤ 20%	Both PG-011 QD ($p = 0.006$) and BID ($p < 0.001$) groups showed significant improvement versus placebo	Placebo: 21/4/1/0 3% PG-011 QD: 26/3/0/0 3% PG-011 BID: 14/8/0/0	(Placebo/QD/BID): Upper respiratory tract infection (5/2/1) Diarrhea (2/3/1) ALT increased (1/2/2)	Completed (March - October 2023); The primary endpoint demonstrated superiority of the treatment groups over vehicle, with the BID regimen outperforming QD ($p < 0.001$)

Study (Phase)	Number and Major Criteria of Participants Enrolled	Efficacy Results	TEAE Reported (Mild/ Moderate/ Severe/Life Threatening)	Frequently Occurring TEAE (Number of Cases)	Status and Material Results
PG-011-AD-201 (Phase IIa), Pumecitinib gel	130; atopic dermatitis patients aged 18 to 65 years, IGA score of 2 or 3, BSA no more than 25%	Both 3% and 1.5% PG-011 groups showed improvement versus placebo	Placebo: 13/4/0/0 1.5% PG-011: 9/6/1/0 3% PG-011: 5/13/0/0	(Placebo/1.5%/3%): Upper respiratory tract infection (0/1/2) Hyperuricemia (4/1/0) rash (1/0/2)	Completed (March - November 2021); After 28 days of treatment, 3% and 1.5% PG-011 gel showed a trend toward greater improvement in pruritus severity compared to placebo
PG-011-PN-201 (Phase II), Pumecitinib gel. . .	54; prurigo nodularis patients aged 18-75 years, baseline weekly average worst itch NRS ≥ 5; ≤100 pruritic lesions	At Week 4, percentage change in weekly average NRS itch score: 3% PG-011: 33.08% Placebo: 22.89%	Placebo: 3/2/0/0 3% PG-011: 11/1/0/0	(Placebo/PG-011): Urinary tract infection (1/3) Blood creatine phosphokinase increased (0/2)	Completed (December 2021 - November 2022); After 4 weeks of treatment, 3% PG-011 gel showed a trend toward greater improvement in pruritus severity compared to placebo
PG-011-SAR-301 (Phase III part), Pumecitinib nasal spray	603; rTNSS ≥ 6, retrospective nasal congestion score ≥ 2, baseline mean rTNSS ≥ 6	Ongoing data analysis	Ongoing data analysis; no severe TEAE or SAE was reported	Ongoing data analysis	Initiated in September 2025, completed final dosing as of the Latest Practicable Date
PG-011-SAR-301 (Phase IIb part), Pumecitinib nasal spray	179; SAR patients aged 18-65 years, rTNSS ≥ 6, nasal congestion ≥ 2	LS mean change in rTNSS: All treatment groups improved versus placebo; The 1.2 mg BID group was superior to both 0.6 mg BID (p = 0.018) and 1.2 mg QD (p = 0.003)	Placebo: 8/0/0/0 0.6 mg BID: 9/0/1/0 1.2 mg QD: 9/0/0/0 1.2 mg BID: 12/0/0/0	(Placebo/0.6 mg BID/1.2 mg QD/1.2 mg BID): Urinary tract infection (0/2/2/2) Blood CPK increased (1/1/1/1) Basophil count increased (1/2/0/1)	Completed (March - May 2025); PG-011 nasal spray significantly improved clinical symptoms of SAR; The 1.2 mg BID regimen demonstrated the best efficacy with good safety and tolerability, and is recommended for Phase III trials
PG-011-AR-201 (Phase IIa), Pumecitinib nasal spray	169; SAR patients aged 18-65 years, rTNSS ≥ 6, nasal congestion ≥ 2	LS mean change in rTNSS over 14 days: 0.2 mg: -3.057 1.2 mg: -3.479 (p = 0.021) 2.0 mg: -3.497 (p = 0.018) Placebo: -2.295	Placebo: 10/0/0/0 0.2 mg BID: 5/1/0/0 1.2 mg BID: 10/3/1/0 2.0 mg BID: 9/0/0/0	(Placebo/0.2 mg BID/1.2 mg BID/2.0 mg BID): Increased triglycerides (2/0/1/2) Increased blood cholesterol (2/0/0/3) Increased LDL (3/0/1/1) Upper respiratory infection (0/2/2/1)	Completed (March - June 2024); Both 1.2 mg and 2.0 mg PG-011 significantly improved nasal and ocular symptoms

No Grade 4 and 5 TEAE or TRAE was reported in our clinical trials of PG-011 (Pumecitinib) above. The following sets forth an overview of key clinical trials of PG-011 (Pumecitinib):

A multi-center Phase IIb/III clinical trial to evaluate the efficacy, safety, and 52-week long-term safety of Pumecitinib gel in adult and adolescent (aged 12-17) patients with mild-to-moderate atopic dermatitis (PG-011-AD-301)

We completed a Phase IIb/III clinical trial of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults and in adolescents aged 12 years and above in China in October 2025. The Phase IIb/III clinical trial of Pumecitinib gel was a multi-center, randomized, double-blind, placebo-controlled trial. We adopted a placebo-controlled Phase IIb/III clinical trial design in accordance with the *Clinical Trial Guidance for Atopic Dermatitis Drugs* (《特應性皮炎治療藥物臨床試驗技術指導原則》) as promulgated by the CDE on December 1, 2023. Conducting a head-to-head non-inferiority trial is not required by the regulatory authorities nor do we plan to do so, and we aim to prioritize the market approval of Pumecitinib gel by conducting the required Phase IIb/III clinical trial, in line with industry norm. The overall study flow is illustrated in the diagram below.



Abbreviations:

R: randomization; W: week; V: visit; BID: twice per day; QD: once per day; IGA: investigator's global assessment

Based on the data collected and analyzed, we concluded that 3% Pumecitinib gel significantly alleviated clinical symptoms in patients with mild-to-moderate atopic dermatitis, and was generally well tolerated with no serious adverse events ("**SAEs**") observed that were related to Pumecitinib. Based on the foregoing results, 3% Pumecitinib gel demonstrates meaningful clinical benefits for the treatment of mild-to-moderate atopic dermatitis in adolescents aged 12 years and above and in adults.

Phase IIb part

Trial Design. We initiated the Phase IIb part in March 2023 and completed it in October 2023. The Phase IIb part enrolled 139 participants aged 18 to 65 years with mild-to-moderate atopic dermatitis. Participants were randomized in a 1:1:1 ratio to receive either the treatment group (3% Pumecitinib gel administered once daily ("**QD**") (N=46), or twice daily ("**BID**") (N=47)) or the control group (gel placebo administered BID (N=46)) for eight weeks. Eligible participants were diagnosed with atopic dermatitis based on the Williams diagnostic criteria, with a disease history of at least six months, and an affected body surface area ("**BSA**") of 3% to 20%. The primary endpoints included the eczema area and severity index ("**EASI**") scores after eight weeks of treatment, the secondary endpoints included the investigator's global assessment ("**IGA**") successful rate, among other efficacy measurements.

Efficacy Results. After eight weeks of treatment, the change of EASI scores were -83.60%, -43.98% and -22.02% for 3% Pumecitinib gel BID group, QD group and placebo group, respectively, representing a statistically significant difference between the QD group and BID group ($p<0.001$), and between the QD group and placebo group ($p=0.006$). The proportions of participants achieving EASI 75 were 69.6%, 19.6% and 2.2% for Pumecitinib gel BID group, QD group and placebo group, respectively. The proportions of participants achieving IGA success in the 3% Pumecitinib gel BID group was significantly higher than in the placebo group. Moreover, other treatment efficacy (including pruritus numerical rating scale) and quality of life continued to improve with prolonged treatment duration.

Taken together, these results indicate that Pumecitinib gel is effective in the treatment of mild-to-moderate atopic dermatitis in adults, and is associated with improvements in patients' quality of life, demonstrating meaningful clinical benefits in the management of atopic dermatitis.

Safety Results. After eight weeks of double-blind treatment, there was no meaningful difference in the incidence of AEs between the 3% Pumecitinib gel group and the placebo group.

Phase III part

Trial Design. We initiated the Phase III part in March 2024 and completed it in October 2025. The Phase III part enrolled 478 participants aged 12 to 75 years with mild-to-moderate atopic dermatitis, including 59 adolescent participants aged 12 to 17 years. There is no material difference in clinical trial design for adult and adolescent participants. Participants were randomized in a 3:1 ratio to receive either the treatment group (3% Pumecitinib gel administered BID, 359 participants including 44 adolescents) or the control group (gel placebo administered BID, 119 participants including 15 adolescents). Eligible participants were diagnosed with atopic dermatitis based on the Williams diagnostic criteria, with a disease history of at least one year for adults and at least six months for adolescents, and an affected BSA of 3% to 20%. The primary endpoints included the proportion of participants achieving EASI-75 after eight weeks of treatment, the secondary endpoints included the IGA successful rate, among other efficacy measurements.

The randomized double-blind treatment period lasted for eight weeks, during which participants received either 3% Pumecitinib gel or placebo twice daily. Upon completion of the eight-week treatment period, eligible participants entered an open-label extension period and received 3% Pumecitinib gel administered twice daily for 44 weeks.

Efficacy Results. After eight weeks of treatment, the proportion of participants achieving the primary endpoint of EASI 75 was 53.76% in the 3% Pumecitinib gel group, compared to 10.92% in the placebo group, representing a statistically significant difference between the two groups ($p<0.001$). The proportions of participants achieving investigator's global assessment ("**IGA**") success in the 3% Pumecitinib gel group was significantly higher than in the placebo group (33.15% vs. 3.36%, $p<0.001$). Moreover, other treatment efficacy (including pruritus numerical rating scale) and quality of life continued to improve with prolonged treatment duration.

In the adolescent subgroup, treatment with 3% Pumecitinib gel administered BID for eight weeks also demonstrated marked efficacy, with a significantly higher proportion of participants achieving the primary endpoint of EASI 75 compared to placebo (54.55% vs. 13.33%).

Taken together, these results indicate that Pumecitinib gel is effective in the treatment of mild-to-moderate atopic dermatitis in adolescents aged 12 years and above and in adults, and is associated with improvements in patients' quality of life, demonstrating meaningful clinical benefits in the management of atopic dermatitis.

Safety Results. After eight weeks of double-blind treatment, there was no meaningful difference in the incidence of AEs between the Pumecitinib gel group and the placebo group. Similar safety result is also demonstrated over 52 weeks of treatment, with no particular safety issue found.

PK Results. With 52 weeks of treatment with 3% Pumecitinib gel, mean plasma concentrations derived from sparse blood sampling remained at low levels, ranging from 0.052 ng/mL to 0.149 ng/mL for all applicable treatment groups and sample collections throughout the treatment period, indicating low systemic exposure.

A multi-center Phase IIa clinical trial to evaluate the safety, efficacy and PK profile of Pumecitinib gel in adult patients with mild-to-moderate atopic dermatitis (PG-011-AD-201)

We initiated a Phase IIa clinical trial of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults in China in March 2021 and completed it in November 2021.

Trial Design. The Phase IIa part enrolled 130 participants aged 18 to 65 years with mild-to-moderate atopic dermatitis. Participants were randomized in a 1:1:1 ratio to receive either the treatment group (3% Pumecitinib gel administered BID (N=45), or 1.5% Pumecitinib gel administered BID (N=43)) or the control group (gel placebo administered BID (N=42)) for 28 days. Eligible participants were diagnosed with atopic dermatitis based on the Williams diagnostic criteria, with a disease history of at least six months, and an affected BSA no more than 25%. Eligible participants were included in the PK study to collect blood samples before and after 30 minutes of administration on Day 1, 8, 15 and 29 during the study. The primary endpoints included the EASI scores after 28 days of treatment, the secondary endpoints included the PK parameters, IGA successful rate, among other efficacy measurements.

Efficacy Results. After 28 days of treatment, the change of EASI scores were -47.17%, -42.47% and -35.52% for 3% Pumecitinib gel group, 1.5% Pumecitinib gel group and placebo group, respectively (p=0.3533)*. Other treatment efficacy (including pruritus numerical rating scale) and quality of life continued to improve with prolonged treatment duration.

Safety Results. After 28 days of double-blind treatment, there was no meaningful difference in the incidence of AEs between the Pumecitinib gel groups and the placebo group.

PK Results. With 28 days of treatment with Pumecitinib gel, mean plasma concentrations derived from sparse blood sampling remained at low levels throughout the treatment period, indicating low systemic exposure.

A multi-center Phase IIb/III double-blind clinical trial to evaluate the efficacy and safety of Pumecitinib nasal spray in adult participants aged 18 to 65 years with moderate-to-severe seasonal allergic rhinitis (PG-011-SAR-301)

We initiated a Phase IIb/III double-blind clinical trial of Pumecitinib nasal spray for the treatment of moderate-to-severe SAR in adult participants aged 18 to 65 years in China in March 2025. As of the Latest Practicable Date, we had completed the final dosing in the Phase III part and we were analyzing the clinical trial data.

* We applied ANCOVA to determine the p value of the null hypothesis that the mean change of EASI scores for three groups were all the same. We believe such p value is not indicative of the potential efficacy of the test drug given the relatively smaller sample size involved in an early-stage clinical trial and the inherited randomness, for instance the relatively significant change of EASI score for the placebo group. Instead, the exploratory Phase IIa clinical trial was primarily intended to inform dose selection and the design in subsequent confirmatory clinical trials, and the test of efficacy shall primarily rely on the Phase III clinical trial results with relatively larger sample size.

Phase IIb part

Trial Design. We initiated the Phase IIb part in March 2025 and completed it in May 2025. The Phase IIb part enrolled 179 participants aged 18 to 65 years with moderate-to-severe SAR. Participants were equally randomized into four groups to receive Pumecitinib nasal spray at dose regimens of 0.6 mg (0.3%) BID (N=45), 1.2 mg (0.6%) QD (N=46), 1.2 mg (0.6%) BID (N=43), or placebo (N=45), administered for 14 days. The primary endpoints included changes in rTNSS scores, the secondary endpoints included parameters of overall ocular symptoms.

Efficacy Results. Based on the FAS, the least squares mean changes from baseline in average rTNSS during the treatment period were -3.177, -3.008, -4.187 and -1.983 for the 0.6 mg (0.3%) BID group, the 1.2 mg (0.6%) QD group, the 1.2 mg (0.6%) BID group and the placebo group, respectively. The least squares mean differences in rTNSS between each Pumecitinib treatment group and the placebo group were -1.195, -1.026 and -2.204, respectively. Compared with placebo, all three Pumecitinib treatment groups demonstrated statistically significant improvements in overall rTNSS, including the 0.6 mg (0.3%) BID group (P=0.002), the 1.2 mg (0.6%) QD group (P=0.009) and the 1.2 mg (0.6%) BID group (P<0.001).

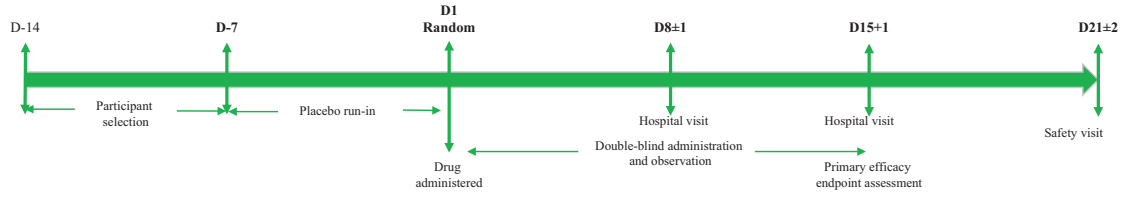
Among the three treatment groups, the 1.2 mg (0.6%) BID group demonstrated significantly greater improvement in rTNSS compared with both the 0.6 mg (0.3%) BID group (P=0.018) and the 1.2 mg (0.6%) QD group (P=0.003). No statistically significant difference was observed between the 0.6 mg (0.3%) BID group and the 1.2 mg (0.6%) QD group (P=0.664).

Compared with placebo, all three Pumecitinib treatment groups also demonstrated significant improvements in overall ocular symptoms (rTOSS; P=0.017, P=0.014 and P<0.001, respectively) and quality of life (RQLQ; P=0.009, P=0.003 and P<0.001, respectively). Based on an integrated assessment, the 1.2 mg (0.6%) BID regimen demonstrated the most favorable efficacy profile among the three treatment groups. At the same per-dose level (e.g., 1.2 mg), BID dosing demonstrated a more pronounced improvement in the primary efficacy endpoint compared with QD dosing. In addition, compared with placebo, the 1.2 mg BID group demonstrated statistically significant improvements across all individual ocular symptom components within the rTOSS, including eye itching/burning, tearing and eye redness (P<0.05).

Safety Results. The incidence of TEAEs and treatment-related TEAEs in the treatment groups was generally comparable to that observed in the placebo group, with no clear dose-related trend among the different dose groups. No SAE was reported in the treatment group, and there was no occurrence of TEAE that led to the discontinuation of the study or dosing.

Phase III part

Trial Design. We enrolled a total of 603 participants who were randomized in a 2:1 ratio to receive either the investigational product or placebo. The primary objective of the study is to evaluate the efficacy and safety of Pumecitinib nasal spray (0.6%, 1.2 mg, administered BID) following two weeks of treatment in adult participants with moderate-to-severe SAR. Eligible participants were required to have a history of SAR of at least two years, a positive test result for relevant local seasonal allergens, and a baseline rTNSS of at least 6 based on participant self-assessment. The primary endpoint of the study is the change from baseline in average rTNSS after 14 days of treatment. The secondary endpoints included parameters of overall ocular symptoms. The overall study flow is illustrated in the diagram below.



As of the Latest Practicable Date, we completed the final dosing in the Phase III part, with final results to be available after the conclusion of data analysis. As of the Latest Practicable Date, no preliminary or interim results had been available, and no severe TEAEs or SAEs were reported. Overall, Pumecitinib nasal spray has demonstrated a favorable safety profile, with no unexpected safety signals observed to date.

A multi-center Phase IIa clinical trial to evaluate the safety, efficacy and PK profile of Pumecitinib nasal spray at different dose levels in adult participants aged 18 to 65 years with moderate-to-severe seasonal allergic rhinitis (PG-011-AR-201)

We initiated a Phase IIa clinical trial of Pumecitinib nasal spray for the treatment of moderate-to-severe SAR in China in March 2024 and completed it in June 2024.

Trial Design. The Phase IIa clinical trial enrolled 169 participants aged 18 to 65 years with moderate-to-severe SAR. Participants were equally randomized into four groups to receive Pumecitinib nasal spray at dose levels of 0.2 mg (0.1%) (N=42), 1.2 mg (0.6%) (N=43), 2.0 mg (1.0%) (N=42), or placebo (N=42), administered BID for 14 days. The primary endpoints included changes in rTNSS scores, the secondary endpoints included parameters of overall ocular symptoms and PK parameters.

Efficacy Results. Based on the full analysis set ("**FAS**"), during the 14-day treatment period, the least squares mean changes from baseline in rTNSS were -3.057, -3.479, -3.497 and -2.295 for the Pumecitinib nasal spray groups (0.2 mg, 1.2 mg and 2.0 mg) and the placebo group, respectively. Compared with placebo, participants in the 1.2 mg group (P=0.021) and the 2.0 mg group (P=0.018) demonstrated statistically significant improvements in overall nasal symptoms. Improvements were also observed across key secondary efficacy endpoints, including instantaneous total nasal symptom score ("**iTNSS**"), rTOSS, instantaneous total ocular symptom score ("**iTOSS**") and Rhinoconjunctivitis Quality of Life Questionnaire.

Compared with the placebo group, participants in the 1.2 mg group demonstrated significant improvements from baseline across individual ocular symptoms, with score reductions of -0.898 (P=0.004) and -0.956 (P=0.003) for eye itching/foreign body sensation/eye redness and tearing, respectively.

Safety Results. The incidence of TEAEs was comparable between the treatment groups and the placebo group, with no apparent dose-related trend observed among the different dose groups. No TEAEs leading to dose escalation, dose reduction, treatment interruption or discontinuation were reported. In addition, no TEAEs resulted in participant withdrawal from the study or death.

Across the Phase IIa and Phase IIb clinical trials, the most common adverse events in both the treatment groups and the placebo group were primarily related to investigations and infections and infestations. Common TEAEs (incidence >2%) in the treatment groups included urinary tract infection, increased blood bilirubin and upper respiratory tract infection, while common TEAEs (incidence >2%) in the placebo group included increased low-density lipoprotein, increased blood cholesterol, increased triglycerides and ligament sprain. The majority of TEAEs in both studies were mild in severity, and all moderate or severe TEAEs reported in the treatment groups were assessed as not related to the investigational product.

A multi-center Phase II clinical trial to evaluate the safety, efficacy and PK profile of Pumecitinib gel in adult patients with mild-to-moderate prurigo nodularis (PG-011-PN-201)

We initiated a Phase II clinical trial of Pumecitinib gel for the treatment of mild-to-moderate prurigo nodularis in adults in China in December 2021 and completed it in November 2022.

Trial Design. The Phase II clinical trial enrolled 54 participants aged 18 to 75 years with mild-to-moderate prurigo nodularis. Participants were randomized in a 2:1 ratio to receive either the treatment group (3% Pumecitinib gel administered three times a day ("**TID**") (N=36)) or the control group (gel placebo administered TID (N=18)) for four weeks. Eligible participants were diagnosed with a disease history of at least six months. The primary endpoints included the change in NRS scores after four weeks of treatment, the secondary endpoints included the PK parameters, IGA, among other efficacy measurements.

Efficacy Results. After four weeks of treatment, the mean change of NRS scores were 33.08 and 22.89 for 3% Pumecitinib gel group and placebo group, respectively (p=0.2386). Other treatment efficacy and quality of life continued to improve with treatment duration.

Safety Results. After four weeks of double-blind treatment, there was no meaningful difference in the incidence of AEs between the Pumecitinib gel group and the placebo group.

PK Results. With four weeks of treatment with Pumecitinib gel, mean plasma concentrations derived from sparse blood sampling remained at low levels throughout the treatment period, indicating low systemic exposure.

Clinical Development Plan

We are planning to expand the indication of Pumecitinib gel to treat mild-to-moderate atopic dermatitis in children aged two to 11. We plan to commence the Phase I clinical trial first for children aged six to 11 in China in the fourth quarter of 2026, and then in children aged two to five in 2029, in line with the CDE guidelines for expanding to such patient population. There is no material clinical difference between adolescent and adult age groups, except that pediatric clinical trials require age-appropriate designs, including weight-based dosing, pediatric-specific pharmacology, and specialized safety and quality-of-life assessments.

As of the Latest Practicable Date, the Phase III clinical trial for Pumecitinib nasal spray was on-going. We expect to complete such part of trial and submit the NDA in the fourth quarter of 2026. We are also planning to expand the indication of Pumecitinib nasal spray to treat moderate-to-severe SAR in adolescents aged 12 to 17 and children aged two to 11, and to treat PAR. We plan to commence Phase I clinical trial for Pumecitinib nasal spray for the indication of moderate-to-severe SAR in adolescents aged 12 to 17 and children aged two to 11 in 2027 and 2028, respectively, and Phase II clinical trial for Pumecitinib nasal spray (for the indication of PAR in adults) in the fourth quarter of 2026.

In addition, we will continue to advance the clinical development of our Core Product PG-011 (Pumecitinib) for other indications, including prurigo nodularis and non-segmental vitiligo. We plan to initiate a Phase IIb clinical trial of Pumecitinib gel for the treatment of prurigo nodularis in 2028. We also plan to initiate a Phase II clinical trial of Pumecitinib gel for the treatment of non-segmental vitiligo in 2028.

Licenses, Rights and Obligations

We internally discovered and developed PG-011 (Pumecitinib), and maintain the global rights to develop and commercialize this drug candidate.

Material Communications with Competent Authorities

We submitted an IND application of Pumecitinib gel to the NMPA in February 2020 for the treatment of atopic dermatitis, which was approved in May 2020. The IND application and approval do not limit the target sub-groups according to age (adults, adolescents and children) based on disease characteristics, and we eventually conducted the clinical trials of Pumecitinib gel for the treatment of atopic dermatitis in sub-groups according to age, in line with our clinical development

strategy. There is no material regulatory difference in different age groups, except that separate safety and tolerance testing is required for children patients and the children cohorts are commonly required to be conducted after evaluating the preliminary safety and efficacy results of adolescent/adult groups. After completing the relevant clinical trials in 2026, we submitted the NDA of Pumecitinib gel for the treatment of mild-to-moderate atopic dermatitis in adults and adolescents aged 12 to 17 and was accepted by the NMPA in February 2026. In May 2026, the CDE communicated to request the relevant research materials of Pumecitinib gel and we provided such materials timely, which is in line with the regular NDA review process of the CDE. As of the Latest Practicable Date, we had not received other communication from the CDE or other competent authority regarding the NDA review of Pumecitinib gel, nor do we expect the foregoing to have any implication on the review timeline or the expected NDA filing schedule.

In addition for the indication of atopic dermatitis, we also submitted an IND application of Pumecitinib gel to the NMPA in March 2021 for a Phase II clinical trial of prurigo nodularis, which was approved in June 2021, and an IND application of Pumecitinib gel (II) to the NMPA in June 2023 for a Phase II clinical trial of non-segmental vitiligo, which was approved in August 2023. Based on the then-available clinical trial results of Pumecitinib gel that we submitted to the NMPA, Phase I clinical trials were not required for these two indications since healthy participants were already tested with Pumecitinib gel for its leading indication atopic dermatitis.

We submitted an IND application of Pumecitinib nasal spray to the NMPA in May 2023 for the treatment of allergic rhinitis, which was approved in August 2023. The IND application and approval do not limit the target sub-groups according to age (adults, adolescents and children) based on disease characteristics, and we eventually conducted the clinical trials of Pumecitinib nasal spray for the treatment of moderate-to-severe SAR in sub-groups according to age, in line with our clinical development strategy. We plan to communicate with the CDE regarding our clinical trial plans for adolescents aged 12 to 17 and children aged two to 11 before initiating such clinical trials.

We had not received any relevant regulatory agency's objections or negative feedback relating to our clinical development plans for PG-011 (Pumecitinib) as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PG-011 (PUMECITINIB) SUCCESSFULLY.

PG-033: Oral Small Molecule Inhibitor of TRPV3 for Treatment of Pruritus

Overview

Pruritus is a common clinical symptom that can result from a variety of diseases with vast patient population. Existing therapies, including antihistamines and topical corticosteroids, are often limited by sub-optimal efficacy and side effects, and there remains substantial medical needs, particularly for non-histamine-mediated chronic pruritus. PG-033 is a small molecule drug that selectively inhibits the transient receptor potential vanilloid 3 ("**TRPV3**"), which offers a novel treatment of pruritus. As a proof of concept, we are currently conducting clinical trial for PG-033 for the indication of pruritus associated with neurodermatitis. Neurodermatitis is a common skin disease, and the associated severe pruritus can significantly impair patients' sleep and overall quality of life. As of the Latest Practicable Date, we were conducting a Phase I clinical trial of PG-033 oral tablet for the treatment of moderate-to-severe pruritus associated with neurodermatitis in China, making PG-033 the world's first clinical-stage oral small molecule TRPV3 inhibitor for treatment of pruritus, according to Frost & Sullivan.

Additionally, PG-033 also has demonstrated the potential to relieve the intractable pruritus and hyperkeratosis associated with Olmsted syndrome, a rare disease. Olmsted syndrome is a genetic disorder primarily caused by mutations in the TRPV3 gene, characterized by intractable pruritus and hyperkeratosis that may progress to mutilation in palms and/or soles in severe cases. We are currently expanding the indication of PG-033 to the treatment of Olmsted syndrome.

According to Frost & Sullivan, PG-033 is the first clinical-stage oral small molecule TRPV3 inhibitor in the world and the first-in-kind drug candidate providing a clear pathway of treatment for Olmsted syndrome, for which there has been no curative therapy as of the Latest Practicable Date.

In addition to neurodermatitis and Olmsted syndrome, PG-033 also has the potential of expanding into broader therapeutic areas, including pruritic disorders and keratinization-related skin diseases, representing a broader addressable market and patient population for PG-033.

Mechanism of Action

TRPV3 is a non-selective cation channel predominantly permeable to calcium ions, and is highly expressed in skin tissues and epidermal keratinocytes. TRPV3 functions independently of the histamine pathway and offers the potential to interrupt the itch-scratch cycle at its source. This mechanism is fundamentally differentiated from existing therapies. Activation of TRPV3 leads to an increase in intracellular calcium levels, thereby enhancing the secretion of thymic stromal lymphopoietin (TSLP) by keratinocytes and other immune cells, which is a key driver of pruritic and inflammatory pathways. Clinical samples further demonstrate that TRPV3 expression is markedly up-regulated in the skin of patients with atopic dermatitis, psoriasis, rosacea, and post-burn pruritus, with channel activity positively correlated with itch intensity.

PG-033 specifically targets TRPV3 and concurrently inhibits pruritic signaling mediated by multiple pro-inflammatory cytokines, including TSLP and SERPINE1, thereby effectively suppressing episodes of refractory pruritus. By reducing abnormal calcium influx, TRPV3 inhibitors protect keratinocytes from apoptosis and may promote the synthesis of normal barrier-related proteins and lipids, thereby facilitating restoration of the skin barrier. In addition, TRPV3 inhibition reduces the release of alarmins such as IL-33 and thymic stromal lymphopoietin, thereby suppressing downstream immune cell activation and recruitment and ultimately attenuating cutaneous inflammation.

Genetic and clinical evidence supports TRPV3 as a validated target. Olmsted syndrome is a genetic disorder triggered by hyperactivation of gene resulting from pathogenic gain-of-function mutations, characterized by intractable pruritus and hyperkeratosis. Studies show that TRPV3 knockout can effectively reverse this phenotype in animal models. Mutant TRPV3 channels remain persistently and aberrantly open on keratinocytes, resulting in sustained elevation of intracellular calcium levels. This leads to excessive proliferation and abnormal differentiation of keratinocytes, triggers intense inflammatory responses and induces cell death. Interactions with sensory nerve fibers further drive a self-reinforcing "itch-scratch cycle", exacerbating clinical symptoms.

Targeted inhibition of TRPV3 allows the inhibitor to bind to mutant TRPV3 channels, stabilizing the calcium channel in a closed state, thereby directly blocking calcium influx. By restoring normal intracellular calcium homeostasis, PG-033 demonstrates the potential to suppress excessive keratinocyte proliferation and abnormal differentiation, which is expected to alleviate hyperkeratosis. In addition, TRPV3 inhibition markedly attenuates inflammatory responses, reduces the release of pro-inflammatory cytokines and decreases stimulation of sensory nerves, thereby relieving severe pruritus and interrupting the itch-scratch cycle, ultimately achieving therapeutic benefit.

Market Opportunity and Competition

Pruritus is one of the most common clinical symptoms associated with dermatological conditions such as atopic dermatitis, neurodermatitis, psoriasis, xerosis, prurigo nodularis, contact dermatitis, urticaria, and eczema, representing substantial market potential and clinical needs. In particular, according to Frost & Sullivan, the number of patients with chronic pruritus in China reached 262.0 million in 2024 and is expected to reach 272.7 million by 2033. As of the Latest Practicable Date, the drugs approved in China for the treatment of pruritus were mainly

second-generation antihistamines. PG-033 is currently the only TRPV3 inhibitor drug for the treatment of pruritus in clinical stages in China with first-mover advantage. As a highly selective oral inhibitor, PG-033 features a novel mechanism of action and an acceptable safety profile, enabling it to address a broad population of patients with mild-to-moderate disease.

For an overview of the approved and clinical-stage drugs for treatment of pruritus, please see "Industry Overview."

Advantages of PG-033

PG-033 offers a potentially novel therapeutic option for pruritus patients with its precise blockade of pruritic signal transmission and reduction of pathological tissue damage. By selectively targeting the TRPV3 calcium-permeable ion channel, PG-033 interrupts pruritic signal transmission at its neural origin, potently suppressing refractory pruritus and rapidly alleviating patients' most burdensome symptoms.

In parallel, based on the disease pathogenesis, PG-033 is expected to address disease-associated hyperkeratotic pathology by regulating the inflammatory microenvironment of the skin, thereby potentially relieving skin thickening, scaling and related symptoms and achieving a theoretical dual therapeutic effect of symptomatic relief and pathological improvement. As an orally administered small-molecule therapy, PG-033 offers convenient dosing and the potential for improved patient compliance. Given the current absence of approved therapies, PG-033 has the potential of becoming the first precision treatment option for patients with Olmsted syndrome and related rare diseases targeting the over-activated TRPV3, with the potential to fill a significant treatment gap in this field.

Clinical Development Plan

We initiated a Phase I clinical trial of PG-033 oral tablet (PG-033-ND-101) to evaluate its safety, tolerability and PK profile in healthy adult participants in China in May 2025, and we expect to complete the trial in the fourth quarter of 2026. As of April 25, 2026, we enrolled 56 healthy adult participants in this double-blind, placebo-controlled Phase I clinical trial.

We expect to initiate a Phase II clinical trial of PG-033 oral tablet for the treatment of moderate-to-severe pruritus associated with neurodermatitis in China in the fourth quarter of 2026, and a Phase III clinical trial in 2029. Subject to the completion of the clinical trials, we plan to submit an NDA of PG-033 oral tablet to the NMPA for the treatment of moderate-to-severe pruritus associated with neurodermatitis in 2030.

We expect to submit an IND application to the NMPA of PG-033 for the treatment of Olmsted syndrome in 2027.

Licenses, Rights and Obligations

We internally discovered and developed PG-033, and maintain the global rights to develop and commercialize this drug candidate.

Material Communications with Competent Authorities

We had not received any relevant regulatory agency's objections or negative feedback relating to our clinical development plans for PG-033 as of the Latest Practicable Date.

PG-018: Dual Inhibitor of JAK1 and Endothelin Receptor-related ROCK for Treatment of Autoimmune Kidney Disease

Overview

PG-018 is a small molecule drug that selectively inhibits both JAK1 and endothelin receptor-related ROCK for the treatment of autoimmune kidney diseases. The clinical management of autoimmune kidney diseases is subject to several core challenges, including the limited efficacy of single-target therapies, the difficulty of simultaneously controlling renal injury and associated complications (such as hypertension), and the increased risk of drug-drug interactions and poor patient adherence associated with combination therapies. Currently the available treatment options are also often associated with relatively high relapse rates.

We believe PG-018 possesses the potential to offer an efficient therapeutic option capable of simultaneously controlling multiple symptoms without the need for combination therapy. It simultaneously inhibits abnormally activated immune function by acting on JAK1, and reduces blood pressure by acting on endothelin receptor-related ROCK, whereby achieving a synergistic effect of relieving multiple symptoms associated with autoimmune kidney disease.

As a proof of concept, we are currently conducting clinical trials for PG-018 for the indication of membranous nephropathy, which is an autoimmune disease with a steadily increasing prevalence in China. As of the Latest Practicable Date, PG-018 was under Phase I clinical trial. We plan to initiate a Phase II clinical trial of PG-018 oral tablet for the treatment of membranous nephropathy in China in 2027.

Mechanism of Action

Membranous nephropathy is an autoimmune kidney disease pathologically characterized by the deposition of IgG immune complexes along the glomerular basement membrane. In clinical practice, patients with progressive membranous nephropathy are commonly treated with corticosteroids and immunosuppressive agents.

PG-018 is a dual-target small molecule kinase inhibitor that acts on both JAK1 and endothelin receptor-related ROCK. By inhibiting JAK1 activity, PG-018 can suppress abnormally activated immune function. In parallel, by inhibiting ROCK, PG-018 can promote vasodilation and reduces intrarenal pressure, thereby potentially mitigating kidney damage. In addition, PG-018 can suppress cytokine-mediated inflammatory responses, improve the inflammatory microenvironment, support intrinsic renal repair mechanisms, and slow or interrupt the progression of fibrosis. As such, it demonstrates potential for clinical benefit for patients with membranous nephropathy.

Market Opportunity and Competition

Membranous nephropathy is a pathological and morphological diagnostic term characterized by the deposition of immune complexes in the lateral aspect of the glomerular basement membrane and subepithelial region, accompanied by diffuse thickening of the glomerular basement membrane and changes in the permeability of the glomerular filtration membrane. The main symptoms include proteinuria, hematuria, edema, and hypertension, with proteinuria being the primary characteristic of membranous nephropathy.

According to Frost & Sullivan, the prevalence of membranous nephropathy varies significantly globally, with China exhibiting a higher prevalence. In 2024, the number of patients with primary membranous nephropathy in China was approximately 2.5 million and is expected to reach 2.8 million by 2033. Currently, there are no approved drugs for membranous nephropathy.

For an overview of the clinical stage drugs for treatment of membranous nephropathy, please see "Industry Overview."

Advantages of PG-018

We designed PG-018 around the core concept of dual signaling pathway regulation combined with preferential distribution in kidney tissue, establishing a new therapeutic paradigm for autoimmune kidney diseases that is expected to achieve the synergistic therapeutic effects of renal injury repair and blood pressure reduction.

Specifically, PG-018 can inhibit local immune-inflammatory responses in the kidney through JAK1 pathway regulation. In parallel, its modulation of endothelin receptor-related ROCK can lower renal blood pressure and improve renal microcirculation. This dual-target mechanism of action may achieve the simultaneous control of the primary disease and the associated symptoms. This single-agent approach avoids the patient compliance challenges caused by drug incompatibility in combination therapy regimens. In addition, JAK1 inhibition also blocks the pruritus-related signal transduction, which is expected to relieve the associated pruritus in patients with advanced autoimmune kidney diseases.

In pre-clinical studies, PG-018 achieved relatively higher concentrations at sites of renal pathology while substantially reducing systemic exposure. This could significantly enhancing treatment safety and providing a strong tolerability foundation for long-term standardized therapy in patients with autoimmune kidney diseases.

Phase I Single Ascending Dose Study

Overview. We initiated a Phase I single ascending dose study of PG-018 in healthy adult participants in China in September 2023 and completed it in February 2024.

Trial design. The single ascending dose study was a randomized, double-blind, placebo-controlled, parallel-group, dose-escalation study conducted in healthy adult participants. Each cohort enrolled eight participants (six receiving PG-018 and two receiving placebo), with a male-to-female ratio of approximately 1:1.

Safety Results. A total of 19 participants experienced TEAEs, including six participants (50.0%) in the placebo group and 13 participants (36.1%) in the PG-018 treatment groups. The incidence of TEAEs in the 15 mg to 270 mg dose groups was lower than that observed in the placebo group, while the incidence increased in the 360 mg dose group and exceeded that of placebo. In the 360 mg cohort, two moderate and one severe adverse event of decreased blood pressure were reported. All other TEAEs were mild in severity. All TEAE cases were resolved or recovered.

Phase Ib Multiple Ascending Dose Study

We initiated a Phase Ib multiple ascending dose study of PG-018 in healthy adult participants in China in April 2024 and completed it in November 2025. We enrolled 72 healthy adult participants in this double-blind, placebo-controlled clinical trial. As of April 25, 2026, we were finalizing data processing and preparing the clinical study report.

Clinical Development Plan

We plan to initiate a Phase II clinical trial of PG-018 oral tablet for the treatment of membranous nephropathy in China in 2027. We plan to formulate further clinical development plan of PG-018 subject to the completion and results of such clinical trials.

Licenses, Rights and Obligations

We internally discovered and developed PG-018, and maintain the global rights to develop and commercialize this drug candidate.

Material Communications with Competent Authorities

We had not received any relevant regulatory agency's objections or negative feedback relating to our clinical development plans for PG-018 as of the Latest Practicable Date.

OUR SELECTED PRE-CLINICAL PIPELINE CANDIDATES

PG-040: ROCK-JAK Dual-target Inhibitor for Treatment of Glaucoma

Overview

PG-040 is a small molecule drug for the treatment of glaucoma that selectively inhibits both ROCK and JAK. Through dual pathway regulation, PG-040 is designed to simultaneously reduce intraocular pressure ("**IOP**") and attenuate local ocular inflammatory responses, thereby offering a new generation therapeutic approach and potential comprehensive solution for the treatment of glaucoma. Glaucoma is a degenerative disease characterized by elevated IOP, leading to visual acuity decline and visual field defects. It causes damage to the optic nerve and, if left untreated, may result in irreversible vision loss and eventual blindness. According to Frost & Sullivan, glaucoma is one of the three leading causes of blindness worldwide.

Mechanism of Action

PG-040 is designed as a dual-target ROCK-JAK inhibitor, intended to improve clinical outcomes for glaucoma treatment through a synergistic mechanism integrating IOP reduction and anti-inflammatory activity. Elevated IOP is the primary and currently the only clinically modifiable risk factor for glaucoma onset and progression. The ROCK signaling pathway plays a critical regulatory role in cytoskeletal dynamics and is closely involved in glaucoma pathogenesis. Specifically, ROCK inhibition by PG-040 can reduce aqueous humor outflow resistance by relaxing trabecular meshwork cells and lowering episcleral venous pressure, thereby enhancing aqueous humor drainage and reducing IOP.

In addition to IOP elevation, glaucoma is also increasingly recognized as a multifactorial inflammatory disorder. Retinal ganglion cell ("**RGC**") dysfunction, combined with sustained excessive glial activation, triggers extensive immune responses, including T cell-predominant adaptive immunity. This ultimately drives progressive glaucomatous neurodegeneration. Correspondingly, JAK inhibition by PG-040 can suppress these pathological inflammatory processes, protect RGCs, and delay neurodegeneration associated with glaucoma.

Combining the ROCK and JAK inhibiting properties, PG-040 is anticipated to achieve a synergistic effect and deliver a distinct, next-generation glaucoma therapy that simultaneously reduces IOP, alleviates inflammation, and provides enhanced optic nerve protection via one single agent.

Clinical Development Plan

We submitted an IND application to the NMPA of PG-040 for the treatment of glaucoma in May 2026. We expect to initiate a Phase I clinical trial of PG-040 in 2027. We also plan to submit an IND application including the available interim clinical trial results in China (if applicable) to the FDA of PG-040 for the treatment of glaucoma in 2027. We plan to formulate further clinical development plan of PG-040 subject to the completion and results of its early-stage clinical trials.

Material Communications with Competent Authorities

We had not received any relevant regulatory agency's objections or negative feedback relating to our clinical development plan for PG-040 as of the Latest Practicable Date.

PG-312: A Small Molecule MRGPRX2 Inhibitor for Treatment of Chronic Refractory Urticaria

PG-312 is a novel small molecule Mas-related G-protein coupled receptor member X2 ("**MRGPRX2**") inhibitor for the treatment of chronic refractory urticaria. Urticaria is a localized edematous reaction caused by dilation of cutaneous and mucosal blood vessels and increased vascular permeability. In both China and overseas markets, antihistamines are commonly used as the standard clinical treatment. However, approximately 10% to 50% of patients fail to achieve adequate symptom control, a condition clinically referred to as chronic refractory urticaria.

PG-312 is designed to address a significant unmet medical need by providing a novel, target-based therapeutic approach for patients with chronic refractory urticaria. As of the Latest Practicable Date, there was no approved therapy targeting MRGPRX2 globally, and therapeutic development targeting this mechanism remained at an early stage. As of the Latest Practicable Date, PG-312 was in pre-clinical stage. We expect to submit IND application to the NMPA in 2027.

OUR GENERIC DRUG PIPELINE CANDIDATES

Utilizing our R&D capabilities and complex topical drug formulation innovation platform, we are developing multiple generic drug candidates, primarily for the topical treatment of chronic inflammatory diseases. We believe the indications covered by our generic drug candidates effectively supplement our innovative drug product portfolio, building a more synergetic product matrix with a strategic focus on dermatological diseases through such combination.

PG-F02: An adapalene and benzoyl peroxide gel generic

PG-F02 is an adapalene and benzoyl peroxide gel indicated for the treatment of acne vulgaris in children aged nine years and above and in adults. In May 2025, we submitted an abbreviated new drug application ("**ANDA**") to the NMPA for PG-F02, and expect to receive the approval in the fourth quarter of 2026. Subject to such approval, we plan to commercialize PG-F02 in the third quarter of 2027.

PG-F03: An ivermectin cream generic

PG-F03 is an ivermectin cream indicated for the treatment of rosacea. We have completed pilot-scale studies for PG-F03 and expect to initiate the bioequivalency study by the end of 2026. Subject to the study results, we plan to submit an ANDA of PG-F03 to the NMPA in 2027.

PG-F04 Capsules: An emedastine difumarate sustained-release capsule generic

PG-F04 sustained-release capsules contain emedastine difumarate and are indicated for the treatment of urticaria and allergic rhinitis. We have completed pilot-scale studies for PG-F04 sustained-release capsules and expect to initiate the bioequivalency study by the end of 2026. Subject to the study results, we plan to submit an ANDA of PG-F04 capsules to the NMPA in 2027. Subject to such approval, we plan to commercialize PG-F04 capsules in the third quarter of 2028.

PG-F04 Ophthalmic Solution: An emedastine difumarate ophthalmic solution generic

PG-F04 ophthalmic solution contains emedastine difumarate and is indicated for the treatment of allergic conjunctivitis. In June 2026, we submitted an ANDA to the NMPA for PG-F04 ophthalmic solution, and expect to receive the approval in 2027. Subject to such approval, we plan to commercialize PG-F04 ophthalmic solution in the first quarter of 2028.

PG-F06: A fusidic acid cream generic

PG-F06 is a fusidic acid cream indicated for the treatment of bacterial skin infections. In August 2025, we submitted an ANDA to the NMPA for PG-F06. We expect to receive the approval in 2027. Subject to such approval, we plan to commercialize PG-F06 in the first quarter of 2027.

MAJOR COLLABORATION AND LICENSING ARRANGEMENTS

Cooperation Agreement with Jumpcan Pharmaceutical

On January 2, 2026, we entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib nasal spray (the "**Pumecitinib Nasal Spray Cooperation Agreement**") with Jumpcan Pharmaceutical Group Limited ("**Jumpcan Pharmaceutical**"), a leading biopharmaceutical company incorporated in China and a wholly owned subsidiary of Hubei Jumpcan Pharmaceutical Co., Ltd., a company listed on the Shanghai Stock Exchange. Jumpcan Pharmaceutical's primarily business is developing, manufacturing and commercializing drug products in fields of pediatrics, respiratory, gastroenterology, and gynecology diseases.

Obligations and Responsibilities

Pursuant to the Pumecitinib Nasal Spray Cooperation Agreement, we grant to Jumpcan Pharmaceutical an exclusive and sublicensable license to commercialize, distribute, market and promote Pumecitinib nasal spray in all strengths and presentations in the People's Republic of China (including the Chinese mainland, Hong Kong, the Macau Special Administrative Region and the Taiwan region) (the "**Jumpcan Subject Region**") with respect to all indications approved for Pumecitinib nasal spray. We possess and retain all intellectual property rights related to Pumecitinib nasal spray or any improvements thereto. We did not grant Jumpcan Pharmaceutical any license with respect to the intellectual properties related to Pumecitinib nasal spray pursuant to the Pumecitinib Nasal Spray Cooperation Agreement. Under the Pumecitinib Nasal Spray Cooperation Agreement, we shall be responsible for developing Pumecitinib nasal spray at our own expense and obtaining and maintaining marketing authorization for the sale and production of Pumecitinib nasal spray in the Chinese mainland by June 30, 2028, and in other parts of the Jumpcan Subject Region as may be further agreed between us and Jumpcan Pharmaceutical. We will be the marketing authorization holder for Pumecitinib nasal spray. Jumpcan Pharmaceutical is not obligated to bear or share any of our cost relating to the development or regulatory approval of Pumecitinib nasal spray.

The Punecitinib Nasal Spray Cooperation Agreement does not grant Jumpcan Pharmaceutical any first right of negotiation or similar preferential rights in relation to other dosage formulations of Pumecitinib.

Manufacturing and Supply

We will be responsible for the manufacturing of Pumecitinib nasal spray, either by ourselves or through third parties of our choosing. We will bear the cost of returns or exchanges due to quality issue arising from the production, storage or transportation of Pumecitinib nasal spray.

Promotion and Commercialization

Jumpcan Pharmaceutical shall use commercially reasonable efforts to promote and market Pumecitinib nasal spray within the Jumpcan Subject Region. With respect to the promotion activities carried out by Jumpcan Pharmaceutical, we agree to pay promotion service fees to Jumpcan Pharmaceutical based on the actual sales value of Pumecitinib nasal spray. The rate of such promotion fees was determined through arm's-length negotiations based on the estimated market size and competitive landscape for Pumecitinib nasal spray, the relevant patent protection period and expected inclusion of Pumecitinib nasal spray into national healthcare reimbursement program, and the published standard fee rate of Jumpcan Pharmaceutical. Jumpcan Pharmaceutical shall bear the costs and other expenses (unless otherwise agreed) to independently or through its agents conduct various commercialization activities within China related to Pumecitinib nasal spray. There is no revenue or profit sharing arrangement under the Pumecitinib Nasal Spray Collaboration Agreement other than the payment of promotion service fees.

Cooperation Management

We and Jumpcan Pharmaceutical have established a joint steering committee ("**JSC**") consisting of two representatives appointed by each party for the overall coordination and discussion of activities under the Pumecitinib Nasal Spray Cooperation Agreement. The functions of the JSC include, among others, reviewing and discussing annual promotion plans and modifications, evaluating and discussing commercialization activities of Pumecitinib nasal spray, discussing regulatory matters that may affect the Cooperation Agreement, discussing remedial and adjustment plans for supply shortages, discussing supply prices, sales targets and other objectives. In the event of disagreement on any matter regarding the marketing and distribution of Pumecitinib nasal spray, our representatives shall have the final decision regarding the research and development, registration and manufacturing of Pumecitinib nasal spray, and Jumpcan Pharmaceutical's representatives shall have the final decision regarding commercialization matters.

Upfront and Milestone Payments

As the consideration for granting the commercialization rights to Jumpcan Pharmaceutical and subject to the terms and conditions of the Pumecitinib Nasal Spray Cooperation Agreement, we are entitled to receive from Jumpcan Pharmaceutical (i) a one-time upfront payment of RMB40 million upon entering to the Pumecitinib Nasal Spray Cooperation Agreement, and (ii) a one-time milestone payment of up to RMB60 million upon obtaining the regulatory approval to commercialize Pumecitinib nasal spray for the treatment of moderate-to-severe SAR in China. Such upfront and milestone payments are not refundable or subject to reduction, deferral or re-negotiation. As of the Latest Practicable Date, we had received in full the one-time upfront payment of RMB40 million from Jumpcan Pharmaceutical.

We are not entitled to any royalty payment under the Pumecitinib Nasal Spray Cooperation Agreement.

Term and Termination

Jumpcan Pharmaceutical may terminate the Pumecitinib Nasal Spray Cooperation Agreement and claim a liquidated damage of 30% of the one-time upfront and milestone payments upon, among others, (i) our failure to obtain regulatory approval to commercialize Pumecitinib nasal spray by June 30, 2028 or such regulatory approval being withdrawn; (ii) any legal proceeding claiming an infringement of other persons' intellectual property rights or claiming the invalidity of our patent, in each case relating to Pumecitinib nasal spray and resulting in the impossibility to promote and sell Pumecitinib nasal spray for a specified time period; (iii) a mandatory recall, severe adverse effect or mass adverse effect relating to Pumecitinib nasal spray; (iv) any other drug with identical molecule and dosage form being approved and commercialized before 2037; or (v) our material violation of related laws and regulations.

We may terminate the Pumecitinib Nasal Spray Cooperation Agreement if Jumpcan Pharmaceutical fails to achieve the agreed-upon minimum sales volume for Pumecitinib nasal spray, or if it is otherwise prevented from performing its obligations due to its material violations of laws or regulations for a specified time period.

The Pumecitinib Nasal Spray Cooperation Agreement may be terminated by either party if (i) the other party materially breaches its obligations under the Pumecitinib Nasal Spray Cooperation Agreement and fails to remedy within 30 days after the no-fault party demands remedy in writing, or (ii) the other party undergoes certain enumerated financial stress, such as bankruptcy, receivership, dissolution or liquidation.

Unless terminated earlier, the Pumecitinib Nasal Spray Cooperation Agreement shall remain in effect until 10 years after the regulatory approval to commercialize Pumecitinib nasal spray.

Cooperation Agreement with Simcere Pharmaceutical

In May 2026, we entered into an exclusive cooperation agreement regarding the future marketing and distribution of Pumecitinib gel (the "**Pumecitinib Gel Cooperation Agreement**") with Jiangsu Simcere Pharmaceutical Co., Ltd. ("**Simcere Pharmaceutical**"), a leading biopharmaceutical company incorporated in China. Simcere Pharmaceutical is a wholly owned subsidiary of Simcere Pharmaceutical Group Limited, a company listed on the Hong Kong Stock Exchange. It specializes in developing and commercializing drug products in fields of neuroscience, oncology, autoimmune, and anti-infectives.

Obligations and Responsibilities

Pursuant to the Pumecitinib Gel Cooperation Agreement, we grant to Simcere Pharmaceutical an exclusive right to commercialize, distribute, market and promote Pumecitinib gel in all strengths and presentations (but not including in gel II) in the Chinese mainland, Hong Kong and the Macau Special Administrative Region (the "**Simcere Subject Region**") with respect to all indications approved for Pumecitinib gel. Under the Pumecitinib Gel Cooperation Agreement, we are responsible for obtaining and maintaining marketing authorization for the sale and production of Pumecitinib gel in the Chinese mainland by the end of 2027. Simcere Pharmaceutical is not obligated to bear or share any of our cost relating to the development or regulatory approval of Pumecitinib gel. We will be the marketing authorization holder for Pumecitinib gel.

Neither we nor Simcere Pharmaceutical may develop, manufacture, sell, promote, import, or supply other Pumecitinib products as topical dermatological drugs in ointment, gel, cream or similar dosage forms ("**Competing Products**") without the consent of the other party. We are required to grant Simcere Pharmaceutical a first right of refusal if we develop any such Competing Product and plan to collaborate with any third party on the development, manufacturing or sale of the Competing Product.

Intellectual Property

Under the Pumecitinib Gel Cooperation Agreement, Simcere Pharmaceutical will be the holder of all trademarks for Pumecitinib gel. We retain all intellectual rights with respect to the packaging design of Pumecitinib gel, but are required to grant a license, free of charge, to Simcere Pharmaceutical to use such packaging design. Neither we nor Simcere Pharmaceutical may use the relevant trademark or packaging design for any product other than Pumecitinib gel to be sold under the Pumecitinib Gel Cooperation Agreement without the consent of the other party.

Other than the above, we own and retain all intellectual property relating to Pumecitinib gel.

Manufacturing and Supply

We will be responsible for the manufacturing of Pumecitinib gel, and shall ensure the manufacturing of Pumecitinib gel comply with all applicable legal and regulatory standards and industrial GMP. We remain fully responsible for any product quality liability relating to Pumecitinib gel. If we plan to engage any CMO or independent third party to manufacture Pumecitinib gel, we are required to grant Simcere Pharmaceutical and its affiliates a right of first refusal for such engagement.

Promotion and Commercialization

Simcere Pharmaceutical shall use commercially reasonable efforts to promote and market Pumecitinib gel within the Simcere Subject Region, and formulate annual plans for the marketing and promotion of Pumecitinib gel. With respect to the promotion activities carried out by Simcere Pharmaceutical, we agree to pay promotion service fees to Simcere Pharmaceutical, which shall be calculated based on the annual sales value of Pumecitinib gel in accordance with the formula and

rates set forth in the Pumecitinib Gel Cooperation Agreement. The rate of such promotion fees was determined through arm's-length negotiations based on the estimated market size and competitive landscape for Pumecitinib gel, the relevant patent protection period and expected inclusion of Pumecitinib gel into national healthcare reimbursement program, and the published standard fee rate of Simcere Pharmaceutical. Unless otherwise agreed, Simcere Pharmaceutical shall bear all costs and expenses incurred in connection with the promotion of Pumecitinib gel within the Simcere Subject Region. There is no revenue or profit sharing arrangement under the Pumecitinib Gel Collaboration Agreement other than the payment of promotion service fees.

Cooperation Management

We and Simcere Pharmaceutical have established a JSC consisting of four representatives (two appointed by each party) for the overall coordination and discussion of activities under the Pumecitinib Gel Cooperation Agreement. The functions of the JSC include, among others, reviewing and discussing development and production plans and overseeing their implementation, coordinating and overseeing clinical trials and regulatory application process, reviewing and discussing commercialization, market strategies and promotion strategies (including reviewing promotion reports, determining pricing range, and discussing NRDL inclusion matters), resolving adverse events and product recalls, and sharing information that could materially affect the development, registration, manufacturing or commercialization of the Pumecitinib gel within the Simcere Subject Region. Unless otherwise agreed, in the event of a disagreement on any matter at a JSC meeting, our representatives shall have the final decision regarding the research and development, registration and manufacturing of Pumecitinib gel (except for R&D requested or initiated by Simcere Pharmaceutical under the Pumecitinib Gel Cooperation Agreement, which shall be finally decided by Simcere Pharmaceutical), and Simcere Pharmaceutical's representatives shall have the final decision regarding commercialization matters of Pumecitinib gel within the Simcere Subject Region (except for the selection of primary distributors, which shall be finally determined by us).

Upfront and Milestone Payments

As consideration for granting the commercialization rights to Simcere Pharmaceutical and subject to the terms and conditions of the Pumecitinib Gel Cooperation Agreement, we are entitled to receive from Simcere Pharmaceutical (i) a one-time upfront payment of RMB60 million within 30 calendar days after the execution of the Pumecitinib Gel Cooperation Agreement, and (ii) several milestone payments upon the achievement of certain regulatory milestones, including Pumecitinib gel being approved by NMPA for various indications (including atopic dermatitis, vitiligo, acne rosacea and other dermatology indications), in an aggregate amount of up to RMB140 million. Such upfront and milestone payments are not refundable or subject to reduction, deferral or re-negotiation. As of the Latest Practicable Date, we had received in full the one-time upfront payment from Simcere Pharmaceutical.

We are not entitled to any royalty payment under the Pumecitinib Gel Cooperation Agreement.

Term and Termination

Simcere Pharmaceutical may terminate the Pumecitinib Gel Cooperation Agreement if, among others, (i) we grant any person other than Simcere Pharmaceutical a license to develop, manufacture or sell any Competing Product in the Simcere Subject Region without the written consent of Simcere Pharmaceuticals; (ii) the Pumecitinib Gel Cooperation Agreement is impossible to be performed due to material obstacles or risks arise from us or our designated manufacturer of Pumecitinib gel (if any), and such impossibility is not remedied to the satisfaction of Simcere Pharmaceutical within three months; (iii) the patent protection for the Pumecitinib gel has expired; or (iv) the Pumecitinib gel is included in the centralized procurement. Simcere Pharmaceutical is entitled to a liquidated damage of RMB40 million if such termination is due to our breach (knowingly or as a result of gross negligence) of certain representations, warranties or undertakings.

We may terminate the Pumecitinib Gel Cooperation Agreement if (i) Simcere Pharmaceutical fails to achieve the agreed-upon minimum sales volume for two consecutive years; (ii) the Pumecitinib Gel Cooperation Agreement is impossible to be performed due to a material breach by Simcere Pharmaceutical, which is not remedied within three months after we have notified Simcere Pharmaceutical of the same; or (iii) Simcere Pharmaceutical or its affiliates develop and manufacture Pumecitinib gel or any Competing Product without our consent.

The Pumecitinib Gel Cooperation Agreement may be terminated by either party if (i) the other party materially breaches its obligations under the Pumecitinib Gel Cooperation Agreement and fails to remedy such breach or obtain a waiver from the non-fault party within 90 days after receiving written notice, or (ii) a force majeure event continues for more than six months and the parties fail to reach any necessary or appropriate amendments.

RESEARCH AND DEVELOPMENT

For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, we recorded research and development expenses of RMB146.2 million, RMB128.4 million, RMB36.3 million and RMB54.5 million, respectively, with R&D expenses of RMB88.7 million, RMB84.0 million, RMB22.0 million and RMB38.5 million attributable to our Core Product, respectively, representing 60.7%, 65.4%, 60.6% and 70.6% of our total research and development expenses in the respective period. We anticipate to continue to significantly invest in our R&D efforts, since we plan to expand the indications and continue the clinical development of our Core Product, advance more pipeline candidates along clinical trials and conduct additional pre-clinical studies.

R&D Strategy

We adhere to an in-house drug development strategy driven by medical needs. Our R&D process comprises compound discovery and development, pre-clinical studies, IND application, clinical trials, new drug application, and post-marketing studies. Our in-house R&D capabilities cover all key stages of drug development, from early discovery to late-stage development, including target discovery and mechanism validation, translational medicine research, compound molecular design and screening, pre-clinical studies, CMC, and clinical trial design and execution.

We maintain strong competitiveness in terms of technological advancement and platform completeness, enabling us to manage and control the entire drug development process, which facilitates efficient R&D decision-making and execution. We have established an integrated, full-chain drug R&D system with comprehensive technical capabilities covering the entire value chain of new drug development. We have advanced multiple compounds from in-house discovery at the source to the clinical stage, enabling efficient cross-disciplinary and cross-functional collaboration throughout the development and industrialization of topical formulations.

R&D Team

Our R&D team has strong expertise, deep understanding and extensive experience in drug development, spanning from biochemistry, molecular biology, structural biology, immunology, clinical medicine, pharmacology to pharmaceutical engineering. As of December 31, 2024 and 2025, and April 30, 2026, our R&D team consisted of 66, 61 and 66 full-time employees, respectively. The slight decrease in the size of our R&D team in 2025 was primarily attributable to the decreased number of pre-clinical development personnel, as we focused our resources in the clinical development of our Core Product. As such, the slight decrease in the size of our R&D team in 2025 did not have any material impact on the schedule and development milestones of our Core Product.

As of the Latest Practicable Date, our R&D team consisted of 63 full-time employees, 61.9% of which had obtained advanced degrees, including 10 members with doctorate degrees and 29 members with master's degrees. The following table sets forth a breakdown of our R&D team members by function as of the Latest Practicable Date:

Functions	Number of employees by function
Early research	6
Pre-clinical development	6
Clinical development	19
CMC	25
Quality control	7
Total	**63**

We have established an end-to-end R&D framework to ensure the quality of our research and development outcome. Our R&D team is led by a team of distinguished scientists with extensive drug development experience, who lead our early research, clinical development, CMC, formulation development, pharmacology and toxicology studies, clinical registration, and project management.

Our core R&D personnel consists of four members with extensive experience of over 15 years in the pharmaceutical industry and expertise covering the fields of chemistry, biology, pharmacology and medicine. Our core R&D team has remained stable since 2021. The following table sets forth the identities, positions and expertise of our core R&D personnel and their involvement and contributions to the R&D activities since the discovery of PG-011 (Pumecitinib) and up to the Latest Practicable Date.

Identities	Positions	Expertise	Involvement and contributions to the R&D activities of PG-011 (Pumecitinib)	Year of joining our Group
Mr. Zhu Li	Senior director of Medical Chemistry	Over 17 years experience in small molecule drug R&D	Spearheaded the rational design and de novo synthesis of the PG-011 molecule, coordinated preclinical toxicology assessments, and led IND-enabling studies	2017
Mr. Hu Wei	Senior researcher of Medical Chemistry	Over 17 years experience in small molecule drug R&D	Involved in the synthesis, chemical characterization and scale-up production of PG-011 molecule candidates	2021
Ms. Zhang Hui	Director of Biology R&D	Over 18 years experience in drug R&D	Led the target validation, pharmacological profiling and MoA studies of PG-011	2018
Mr. Ma Sufeng	Director of Synthetic Process R&D	Over 16 years experience in drug R&D	Led synthetic process development, polymorph investigation, purification optimization and impurity profiling for PG-011	2016

Our Platforms

We have established and leveraged a proven, integrated drug discovery and development system spanning target discovery, molecular discovery and evaluation, translational science and clinical development. Our technological capabilities include design and discovery of original molecular structures and new molecular entities, investigation of drug process and quality

standards, exploration of clinical development in all relevant stages, as well as formulation development and quality evaluation for complex topical dosage forms. These research and development capabilities organically constitute our drug development framework, which enables us to efficiently advance pipeline programs through different developmental stages.

Our R&D platforms are established and led by our R&D leaders with over a decade of experience in kinase inhibitor research and topical formulation development. The core technologies spanning molecular design and topical delivery are iteratively developed in-house by our R&D team members.

Our R&D platforms primarily utilize standardized, commercially available software and tools. We believe this approach best suits our business and R&D needs and we have not developed proprietary R&D tools covered by patents. Instead, we rely on our in-house R&D experience, know-how, cumulation of historical, chemical, pharmacological and formulation data, as well as publicly available data, to support our drug development activities.

Our competitive advantages are established by the ability to design molecule candidates from the origin with low systemic exposure, and to develop viable drug candidates with differentiated formulation processes.

Through our drug discovery and development system, we have achieved stable R&D output, with one NDA submitted for our Core Product PG-011, four clinical-stage drug candidates currently being developed. During the Track Record Period, we submitted 11 patent applications based on the R&D outcome of our drug discovery and development system, including eight candidate molecules for early research, pending pre-clinical candidate (PCC) screening.

Novel Drug Design and Discovery Platform

We use AI-enabled tools to conduct exploration of pathogenesis and target proteins, forming a differentiated drug design and discovery platform. The core of this platform is a proprietary multi-dimensional evaluation and design framework. Prior to any molecular design, we conduct strategic assessments across three dimensions: (i) the disease dimension, in which we analyze pathological similarities and differences among inflammatory diseases within local tissue microenvironments to define mechanisms of action, (ii) the cellular dimension, in which we dissect signaling pathways in key immune and tissue cells to identify precise intervention targets, and (iii) the drug property dimension, in which we pre-define ideal tissue distribution and penetration characteristics to establish an anchor for molecular design.

Our drug design and discovery platform employs a toolkit including CADD/AIDD and the PRED-DERM transdermal PK and physicochemical parameter design model to enable directed molecular creation and optimization. For locally targeted drugs, the PRED-DERM model is used to proactively optimize physicochemical properties to prioritize high tissue retention and low systemic exposure, a design philosophy exemplified by our Core Product PG-011 (Pumecitinib). For diseases with complex mechanisms, the platform applies a multi-target design strategy to integrate mechanisms of action to achieve synergistic efficacy or overcome development difficulties. This multi-target design capability is particularly demonstrated by our development of dual-target molecules such as PG-018 and PG-040. The platform ultimately delivers not isolated molecules, but a portfolio of rationally designed and early-validated drug candidates with clear differentiation. As of the Latest Practicable Date, we had also been granted a software copyright for our PRED-DERM model.

Immunology, Inflammation and Dermatology Translational Medicine Platform

Our translational medicine platform serves as the strategic bridge between source innovation and clinical validation. Based on deep understanding of the basic science and clinical aspects of immune-related diseases, we integrate biology, medicinal chemistry, ADME and external resources

such as live-cell and skin imaging to establish a distinctive translational medicine platform for immunology, inflammation and dermatology. The platform systematically analyzes clinical phenotypes and immunobiological mechanisms to construct a comprehensive translational research framework.

The platform's differentiated advantage is built on three core capabilities: (i) target-to-clinic translation, which converts biological characteristics of novel targets into clear clinical development pathways to support project initiation, (ii) clinical decision acceleration, which aligns biological insights with clinical strategy to improve development efficiency, and (iii) evidence value maximization, which iteratively refines predictive models through integration of accumulated knowledge and reverse validation using clinical data.

We have established translational research collaborations with hospitals and academic institutions in China, including TRPV3-related collaborations with Southern Medical University Dermatology Hospital, pruritus-related collaborations with Wuhan University, and glaucoma-related pharmacodynamic model collaborations with the Second Xiangya Hospital of Central South University.

Complex Topical Drug Formulation Innovation Platform

Our formulation innovation platform possesses formulation development and quality evaluation capabilities for complex dosage forms. It has completed formulation development for a number of innovative compounds and generic drugs, which have progressed to different clinical stages. The platform has accumulated extensive experience in topical formulation development and follows a philosophy of "product needs driving platform development and technological innovation."

We have developed a wide range of dosage forms, including gels, creams, ointments, nasal sprays and ophthalmic solutions, which have been successfully applied to the development of our pipeline products such as our Core Product PG-011 (Pumecitinib). Through extensive candidate screening and formulation development efforts, the platform has accumulated mature expertise in formulation and process development, animal evaluation and scale-up manufacturing across multiple dosage forms, as well as in the exploration of novel formulations, technologies and methodologies.

The platform enables solubilization of poorly soluble drugs, enhanced transdermal absorption, increased dermal retention and retention time, and improved development capabilities for nanomedicine formulations (such as micelles, microemulsions, nanoemulsions, nanoparticles and liposomes). It provides systematic solutions for dermatology, respiratory, otolaryngology and other specialized therapeutic needs, benefiting large patient populations such as those with atopic dermatitis, allergic rhinitis and non-segmental vitiligo.

In terms of quality evaluation of complex topical formulations, the platform supports analytical method development, validation and testing, microstructural characterization, rheological studies, *in vitro* release test ("**IVRT**") and *in vitro* permeation test ("**IVPT**") studies, polymorph and particle size analysis, nanomedicine evaluation and stability studies. It has established standardized and systematic evaluation methodologies for key quality attributes of topical and transdermal products. The platform has accumulated extensive experience in rheology, IVRT, IVPT, microstructural characterization, IVPT development and validation for poorly soluble compounds, reproducibility testing, skin layer distribution and retention studies.

We have also collaborated with renowned academic institutions on the development of new drug formulations. For example, we founded a joint complex formulation innovation lab with China Pharmaceutical University, where we collaborate with China Pharmaceutical University in the development of complex drug formulation and delivery, the assessment of key technologies and the research of new materials.

Clinical Development

Clinical Development Team

As of the Latest Practicable Date, our clinical development team consisted of 19 members, including scientists and physicians with strong drug development experience, who participate in the formulation of our clinical development strategies, clinical trial protocol design and clinical trial operation organization. Many of our clinical development team members had extensive relevant work experience. Among our clinical development team members, 68.4% have obtained post-graduate degrees. Our clinical development team is generally responsible for the clinical development of our Core Product and other pipeline products.

Clinical Trial Design and Implementation

Our clinical development team manages all stages of clinical trials, from protocol design to overseeing the operations and conduct of clinical trials. Our rapid trial advancements are driven by (i) our strategic decision to initiate clinical phase trials based on pre-clinical results that are assessed as promising, (ii) optimized trial design and whole-process oversight, and (iii) long-term partnership with various hospitals and principal investigators from different regions to achieve smooth execution.

Our clinical development team is also responsible for the selection of trial sites. Our site selection criteria include the site's overall experience, understanding of the disease state, access to relevant experts and patients, regulatory and quality management, and staff proficiency. We have collaborated with numerous hospitals and PIs located in China that can support our clinical trials of different indications and at different stages. We believe the size and geographic diversity of these facilities provide us with an advantage in implementing large-scale clinical trials in China and also enable us to conduct multiple clinical trials concurrently.

During the Track Record Period, we cooperated with more than 100 PIs, to conduct the clinical trials of our product candidates that involved multiple centers across China for efficient clinical development and a relatively large number of participants enrolled. According to Frost & Sullivan, it is in line with industry practice for chronic diseases drug development to conduct multi-center trials and engage a large number of PIs. To the best of our Company's knowledge, none of them have any past or present relationships with us, our Directors, shareholders, senior management or any of their respective associates. We provided organized trainings, demonstration materials and protocols to the PIs upon the initiation of a clinical trial. The PIs are responsible for conducting site-level clinical research activities according to our trial protocols and in accordance with laws, regulations, and the GCP Guideline, a quality standard for the overall conduct of the clinical trial. Each trial has a leading PI with primary responsibility to ensure compliance with trial protocol and good clinical practice over the entire trial, and we coordinate the process where appropriate.

Relationship with CROs

We collaborate with CROs to conduct and support our pre-clinical and clinical trials in line with industry practice. We select our CROs by weighing various factors. Upon business engagement, we assess CROs based on their business focus, capabilities and overall market recognition. Secondly, we also value the R&D capabilities of the CROs and the management skills of their leaders based on their experience and previous track records. Overall, we aim to select CROs that have optimal compatibility with our pre-clinical and clinical development programs. When collaborating with CROs on a given project, our internal project team manage such project on an end-to-end basis and closely monitors the progress, engages in regular communication with the CRO teams to understand project milestones, identify potential risks, and ensure the project

deliverables. Simultaneously, the project/trial leader maintains close contact with the financial departments of both our Company and the CROs, implementing stringent financial controls at different stages of the project to ensure the timely and quality completion of the project and accurate recording of relevant expenses.

In terms of the involvement and contributions of each of the major CROs to the development of our product candidates, the pre-clinical CROs mainly provide us with services related to pre-clinical toxicity and safety evaluations, such as animal studies, of our product candidates in accordance with agreed study design and under our supervision. The clinical CROs provide us with an array of services necessary for complex clinical trials in accordance with agreed trial design and under our supervision, including trial preparation, trial management, clinical safety management, data management, and report preparation. We choose CROs based on the complexity and workload of a specific trial. We closely monitor the work of our CROs and provide specific directions to ensure the quality and efficiency of the trial execution. This approach allows us to leverage the experience of our in-house team to better focus on critical clinical trial elements, such as trial design, data analysis and decision-making. All studies of our product candidates on humans are conducted in compliance with the applicable laws, regulations and in line with the industry standards. We believe our ability to work closely with CROs to conduct pre-clinical studies and clinical trials helps us to shorten the time required for product development as well as generate the requisite data in a reliable and efficient way.

We mainly determine the service fees paid to the CROs in accordance with market prices of similar services, the number of enrolled patients, the duration of the clinical trials, and the quality and contents of the services provided.

Regulatory Affairs

Our regulatory affairs team is responsible for the regulatory process of our product candidates, including assembling application dossiers for IND and NDA, addressing inquiries from relevant authorities and monitoring our R&D projects to ensure their compliance with relevant regulations. Our regulatory affairs team manages the regulatory submission process for our product candidates, which requires filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. The regulatory affairs team prepares and manages regulatory filings by coordinating filing dossiers drafting, addressing regulatory questions and conducting CMC and GMP readiness assessments for our product candidates. We possess extensive knowledge and experience with regard to regulatory filings in China and we can design our clinical trials to maximize operational efficiency.

MANUFACTURING & CONTROLS

As of the Latest Practicable Date, we did not have commercialization-scale manufacturing facility. We currently plan to establish our own manufacturing facility in the Beijing Economic-Technological Development Area to support the production of our Core Product after commercialization. We expect to start renovation and construction work in the third quarter of 2026 and installment of equipment by the end of 2026. After all equipment installment is completed, we expect to conduct necessary inspections and verification of the manufacturing facility in 2027, and plan to initiate manufacturing by the end of 2027. As of the Latest Practicable Date, we had not experienced any material delay in the construction of such manufacturing facility as compared to our intended timetable. We have a designated officer, Mr. Ye Dongxin ("**Mr. Ye**") who joined our Company in 2022, to oversee the establishment and future operation of our manufacturing facility. Mr. Ye has 25 years of experience in the pharmaceutical industry with extensive experience in production management, quality control, technology management, as well as planning and execution of construction projects for pharmaceutical companies. Mr. Ye leads a team of 15 members with professional background and experience in biotechnology, pharmacy and pharmaceutical manufacturing, all of which are currently employed by our Company, to carry out the development of our manufacturing facility. Upon completion and reaching full capacity, we

expect the manufacturing facility is able to produce more than five million units of gel formulation products and seven million units of nasal spray products annually. Based on such production capacity and our estimate of the market demand for our products (Pumecitinib nasal spray and Pumecitinib gel in particular) after approval, we believe that the capacity of our manufacturing facility will be sufficient to meet the anticipated commercial demand from the initial to ramp-up stage of commercialization of our Core Product, PG-011 (Pumecitinib) gel and nasal spray. We expect that, after the completion of such manufacturing facility, we will manufacture our approved drug products (including Pumecitinib gel and nasal spray, as well as certain generic drug products) primarily through such proprietary facility. We will allocate the production capacity of our facility based on the market need of the relevant products, and will monitor the market demand for our approved drug products in a continued manner. When the demand for our drug products exceeds the production capacity of our manufacturing facility, we may decide, based on resources available to us and our business development plans at the time, to expand such facility or engage CMOs as appropriate. We are not subject to any commitment or undertaking to any government authority as to future investment, revenue or tax targets with respect to our manufacturing facility in Beijing.

Collaboration with CDMO Partners

We currently collaborate with CDMOs (including CMOs) to manufacture our drug candidates to supply for pre-clinical studies and clinical trials. We also plan to collaborate with CDMOs (including CMOs) to manufacture our generic drug products. We have established a comprehensive marketing authorization holder ("**MAH**") management system in accordance with the regulatory requirements regarding the safety, efficacy and quality control of our drug products. Under our MAH management system, we enter into written quality control agreements with CDMOs (including CMOs) to require them to comply with our safety and quality standards for the drug products they manufacture.

We have entered into quality agreements with our contract manufacturing partners. Such agreements require, among other things, that the contract manufacturers shall possess the relevant qualifications under the GMP, and comply with the standard operating procedures formulated by us and all applicable laws and regulations when manufacturing our drug candidates. Our contract manufacturers are also required to conduct quality testing before delivering any drug candidate to us, and to ensure the drug candidate delivered meet the quality standards as mutually agreed in our agreements with them.

We did not experience any material product quality issues in respect of the products manufactured by our CDMO partners during the Track Record Period. Under our agreement with our CDMO partners, the CDMO partners are required to perform their services according to the prescribed time frame as set out in the agreement. Usually, we pay the CDMO partners in installments, with a specified credit period. Our CDMO partners are responsible for manufacturing our required products in accordance with certain product specifications, in compliance with cGMP requirements (where applicable), our quality standards and other applicable laws and regulations. We retain all the intellectual property rights and grant our CDMO partners the right to use our intellectual property rights for such manufacturing and packaging activities during the contract period. We are entitled to inspect and audit our CDMO partners' manufacturing process. We mainly determine the service fees paid to the CDMOs in accordance with market prices of similar services, the number of products manufactured, and the quality and contents of the services provided. We do not share our IPs, know-hows and trade secrets with CDMOs.

Quality Control

We strictly comply with the applicable laws, regulations, rules, standards and guidelines in our quality control processes. We have established a scientific, comprehensive and full-lifecycle quality operation, management and supervision system covering the entire lifecycle of drug research and development, manufacturing, distribution and use. This system ensures that information throughout

the drug lifecycle is authentic, accurate, complete and traceable, and continuously safeguards the safety, efficacy and quality controllability of our products throughout their lifecycle. We have also established a Quality Management Committee with overall responsibility for quality-related activities and issues.

We have established comprehensive quality control and quality assurance procedures to ensure compliance with applicable regulatory requirements and our internal quality standards. We select qualified raw material suppliers and recruit manufacturing and quality management personnel in accordance with stringent standards. We conduct regular inspections of facilities and equipment to ensure proper operation, and we require CMOs/CDMOs to closely monitor the manufacturing environment, with a particular focus on key parameters such as microbiological control, temperature and humidity. We typically conduct comprehensive internal reviews on an annual basis and engage external experts and legal advisers to perform quality audits. We benchmark our quality systems against domestic and international standards and remain committed to the continuous enhancement and improvement of our quality control framework to ensure patient safety and regulatory compliance.

COMMERCIALIZATION

We currently have no drug approved or in commercial stage yet. However, we have been building up our commercial planning and portfolio management capability since our pipeline drug candidates entered the late stages of clinical trials. To date, we did not have an in-house marketing team. In the long run, as we identify favorable market opportunities, we plan to assemble a dedicated in-house marketing force with extensive experience in our focused therapeutic areas including our generic drug products. This marketing team shall be primarily responsible for marketing strategy, product positioning, market access, market penetration, promotion activities and patient support. We expect this team will work synergistically with our partners to ensure the penetration of our products in major markets.

In particular, with respect to our Core Product, PG-011 (Pumecitinib), we have formulated an adaptive commercialization strategy to accelerate its market penetration in the foreseeable future in China upon receiving relevant marketing approval. We plan to initially collaborate with leading pharmaceutical companies and/or industry-recognized contract sales organizations (CSOs) with experience in selling drugs, capitalizing on their extensive sales networks and distribution channels to facilitate rapid market entry and increase market coverage for our Core Product, including public hospitals, retail pharmacies and third-party e-commerce platforms. We plan to select such commercialization partners who have strong commercialization capability and rich experience in the therapeutical fields we are focusing on, to leverage their access to a wide range of pharmacies, clinics and hospitals, and to utilize their well-established sales networks and other resources to achieve mutually beneficial results and cost-efficiently maximize the commercial value of our product candidates.

Meanwhile, we intend to foster direct and interactive communication with influential KOLs and physicians to build advocacy for our Core Product. We maintain rigorous criteria to select the principal investigators (PI) of our ongoing or prospective clinical trials, taking into account factors such as their credentials, academic achievements, recognition and past experience in their respective fields. We believe the academic influence, authenticity and market recognition of potential PIs would contribute to the successful management and further development of our clinical trials, as well as facilitate our future market entry and recognition. We also intend to identify a number of hospitals, clinics and physicians that specialize in atopic dermatitis and SAR treatment, and to visit the sites and physicians in person for pre-launch training and engagement. We believe collaborating with renowned hospitals and healthcare professionals not only builds credibility but also facilitates access to a vast patient pool.

Further, we believe academic-oriented marketing efforts will be beneficial for improving alignment of expert opinion on, and promoting clinical use of, our Core Product. We have actively participated in and will continue to attend and organize academic conferences and seminars to publicize the clinical data and research results of our drug candidates, so as to raise our brand awareness and recognition.

As of the Latest Practicable Date, we had entered into an exclusive cooperation agreement with Jumpcan Pharmaceutical regarding the marketing and distribution of Pumecitinib nasal spray and an exclusive cooperation agreement with Simcere Pharmaceutical regarding the marketing and distribution of Pumecitinib gel. For details, see "— Major Collaboration and Licensing Arrangements."

For our other product candidates, we plan to formulate more detailed commercialization strategies towards their respective late stages of clinical development, and we may also select commercialization and/or co-development partners to foster win-win cooperation in order to maximize the commercial value of our evolving product pipeline. As of the Latest Practicable Date, we had not identified any of such partner.

We believe our generic drug candidates could supplement our innovative drug product portfolio, building a more synergetic product matrix. We expect that the commercialization of such generic drug products will enable us to realize monetary values at an expedited pace with manageable development costs, as well as build up and strengthen our commercialization capabilities. Nonetheless, we aim to balance the resource allocation to our innovative and generic drug candidates and prioritize the development and commercialization of our Core Product.

We plan to establish an in-house sales and marketing team for our generic drug candidates upon their commercialization. For details of the expected commercialization timetable, see "— Our Generic Drug Pipeline Candidates." We may also engage third-party distributors for the sales of our generic drugs upon their commercialization, and we plan to formulate concrete plans in the due course according to our available resources and market conditions.

OUR SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of CROs and CDMOs, and we did not experience any material disputes with our suppliers. During the Track Record Period, we collaborated with nine CDMOs (including CMOs) and 18 key CROs for major R&D activities, including certain leading suppliers of CRO and/or CDMO services in the relevant area. Given the large number of CROs and CDMOs (including CMOs) with which we have established collaboration relationships, we believe we do not have any material reliance on any specific CRO or CDMO. In addition, we believe that adequate alternative sources for such supplies exist, and we have developed alternative sourcing strategies for these supplies.

Below is a summary of the key terms of a typical agreement with our CROs and CDMOs.

- *Services.* The CROs or CDMOs provide us with services such as implementing a clinical research project, manufacturing products and/or providing materials as specified in the master agreement and completing ad-hoc work orders.

- *Term.* The CROs or CDMOs are required to perform its services according to the prescribed time frame set out in the master agreement or a work order.

- *Payment.* We are required to make payments to the CROs or CDMOs according to the payment schedule agreed by the parties.

- *Confidentiality.* We and the CROs or CDMOs agree to keep confidential any information in relation to the performance of the master agreement.

- *Intellectual property.* We own all intellectual property derived from the clinical research project, and we are entitled to apply patent for such intellectual properties.

- *Liabilities and termination*. The liability of a CRO or CDMO arises at the failure to provide services in accordance with the agreed upon service schedule, and our liability arises at the failure to make timely arrangements for payment. If either party is prevented from or delayed in the performance of its obligations under the agreement by force majeure for a prolonged or if either party is in material breach of the agreement and fails to remedy its breach for more than a given time period, the non-breaching party shall have the right to terminate the agreement.

For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2026, our purchases from our five largest suppliers for each year/period in aggregate amounted to RMB32.1 million, RMB24.9 million and RMB5.9 million, representing 30.6%, 27.1% and 19.8% of our total corresponding purchases in the respective period, and our purchases from the largest supplier for each period accounted for 11.0%, 7.7% and 5.9% of our total corresponding purchases for the respective period.

The following table sets forth details of our five largest suppliers during the Track Record Period.

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousands)	
			For the four months ended April 30, 2026			
Supplier A . . .	A domestic Chinese CRO service provider listed on NEEQ	CRO service	20 business days	2021	1,763	5.9%
Chifeng Saliont .	A private company in China primarily engaging in the manufacturing and sale of generic drugs and contracted manufacturing of drug ingredients and products	CMO service	10 calendar days	2019	1,109	3.7%
Supplier B . . .	A private company in China primarily providing financial advisory and business development services	Business development consulting and advisory	30 business days	2021	1,038	3.5%
Supplier C . . .	A leading global contract research organization	CRO service	20 business days	2022	1,005	3.4%
Supplier D . . .	A group of private companies in Beijing that engage in, among others, property leasing and property management services	Property leasing and property management services	10 business days	2019	967	3.3%
Total					**5,882**	**19.8%**

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousands)	
			For the year ended December 31, 2025			
Supplier A . . .	See above	CRO service	20 business days	2021	7,088	7.7%
Chifeng Saliont .	See above	CMO service	10 calendar days	2019	5,763	6.3%
Supplier E . . .	A leading pharmaceutical contract research, development and manufacturing service provider listed in Chinese mainland and Hong Kong	CRO service	30 calendar days	2017	5,436	5.9%
Supplier D . . .	See above	Property leasing and property management services	10 business days	2019	3,436	3.7%
Supplier C . . .	A leading global contract research organization	CRO service	20 business days	2022	3,193	3.5%
Total					**24,916**	**27.1%**

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousands)	
			For the year ended December 31, 2024			
Chifeng Saliont .	See above	CMO service	10 calendar days	2019	11,596	11.0%
Supplier C . . .	See above	CRO service	20 business days	2022	6,773	6.4%
Supplier E . . .	See above	CRO service	30 calendar days	2017	4,824	4.6%
Supplier F . . .	A public hospital in Beijing	Clinical trial administration	10 business days	2022	4,627	4.4%
Supplier G . . .	A Chinese CRO service provider listed on NEEQ	CRO service	10 business days	2023	4,261	4.1%
Total					**32,081**	**30.6%**

Except for Chifeng Saliont, which is controlled by our Controlling Shareholder, Mr. Li, all of our five largest suppliers in each year/period during the Track Record Period are Independent Third Parties. Except as disclosed above, none of our Directors or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following completion of the [**REDACTED**], nor any of their respective associates had any interest in any of our five largest suppliers during the Track Record Period.

All our transactions with Chifeng Saliont during the Track Record Period were authorized in accordance with applicable laws and regulations and our corporate governance rules. Our Directors are of the view that such transactions with Chifeng Saliont were made on a reasonable basis and necessary for our business operations, and confirm that our historical transactions with Chifeng Saliont have been conducted on arm's-length basis.

INTELLECTUAL PROPERTY

Intellectual property rights are pivotal to the success of our business. Our commercial future will depend, in part, on our ability to acquire and protect our intellectual property rights for commercially significant technologies, inventions and know-how. This includes obtaining new patents, defending existing patents, and protecting our trade secrets. We will also have to operate without infringing, misappropriating, or otherwise violating third parties' valid, enforceable intellectual property rights.

We have a global portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we held nine patents issued in China, 36 patents issued overseas (including two for which notices of allowance had been received), and 76 pending patent applications, of which two patents issued in China, nine patents issued overseas (including two for which notices of allowance had been received) and 13 pending patent applications were attributed to our Core Product PG-011. All inventors of such issued patents and patent applications relating to our Core Product are our R&D personnel or former R&D personnel who were employed by our Company at the time of the relevant invention. As of the Latest Practicable Date, we had not received any material concerns or inquiries from relevant competent authorities that make us believe that any of the pending patent applications will be rejected.

The following table sets forth an overview of the portfolio of our patents and patent applications as of the Latest Practicable Date that are material to our business operation. All of the patents and patents applications below are held by our Company.

Related Product	Name of Patent	Jurisdiction	Status	Date of Grant/Notice of Allowance	Date of Expiration	Commercial rights
PG-011 . .	Pyrrolopyrimidine derived compound and pharmaceutical composition and uses thereof	China	Grant	2021-01-19	2037-12-01	All
	Polymorphs of JAK tyrosine Kinase inhibitor and preparation method thereof	China	Grant	2025-08-19	2043-02-24	All
	Preparation method for pyrrolopyrimidine compound	India	Grant	2024-02-05	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	Europe	Grant	2026-03-04	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	U.K.	Grant	2026-03-04	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	Switzerland	Grant	2026-03-04	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	U.S.	Notice of allowance received	2026-03-31	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	Turkey	Grant	2026-03-04	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	Poland	Grant	2026-03-04	2041-08-25	All

Related Product	Name of Patent	Jurisdiction	Status	Date of Grant/Notice of Allowance	Date of Expiration	Commercial rights
	Preparation method for pyrrolopyrimidine compound	Spain	Grant	2026-03-04	2041-08-25	All
	Preparation method for pyrrolopyrimidine compound	China	Pending	Inapplicable	Inapplicable	All
	Polymorph of JAK tyrosine kinase inhibitor and preparation method therefor	Europe	Pending	Inapplicable	Inapplicable	All
	Polymorph of JAK tyrosine kinase inhibitor and preparation method therefor	U.S.	Pending	Inapplicable	Inapplicable	All
	Polymorph of JAK tyrosine kinase inhibitor and preparation method therefor	Japan	Notice of allowance received	2026-04-07	2043-02-24	All
	Topical gel for jak inhibitor and use thereof	PCT	Pending	Inapplicable	Inapplicable	All
	Crystal forms of a JAK inhibitor	China	Pending	Inapplicable	Inapplicable	All
	Crystal forms of salts of a JAK inhibitor	China	Pending	Inapplicable	Inapplicable	All
	Tyrosine kinase inhibitor nasal spray	PCT	Pending	Inapplicable	Inapplicable	All
	JAK inhibitor for treatment of allergic rhinitis	PCT	Pending	Inapplicable	Inapplicable	All
	Inhibitor for promoting collagen expression	PCT	Pending	Inapplicable	Inapplicable	All
PG-018 . .	Pyrrolopyrimidine derived compound and pharmaceutical composition and uses thereof	China	Grant	2020-10-30	2037-12-01	All
	Prodrug of JAK inhibitor compound, preparation method and application	China	Grant	2022-11-15	2042-07-20	All
	Method for preparing pyrrolopyrimidine compound or pharmaceutically acceptable salt thereof	China	Pending	Inapplicable	Inapplicable	All
	Polymorphs of a JAK tyrosine kinase inhibitor and the use thereof	China	Pending	Inapplicable	Inapplicable	All
	Polymorphs of a JAK tyrosine kinase inhibitor and the use thereof	Europe	Pending	Inapplicable	Inapplicable	All
	Polymorphs of a JAK tyrosine kinase inhibitor and the use thereof	U.S.	Pending	Inapplicable	Inapplicable	All
	Fumarate crystal form of JAK tyrosine kinase inhibitor, preparation method therefor, and application thereof	China	Pending	Inapplicable	Inapplicable	All
	Pharmaceutical composition	PCT	Pending	Inapplicable	Inapplicable	All
PG-033 . .	A Nitrogen-containing spirocyclic compound, pharmaceutical composition and use thereof	China	Pending	Inapplicable	Inapplicable	All

Related Product	Name of Patent	Jurisdiction	Status	Date of Grant/Notice of Allowance	Date of Expiration	Commercial rights
	A Nitrogen-containing spirocyclic compound, pharmaceutical composition and use thereof	Australia	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spirocyclic compound, pharmaceutical composition and use thereof	Canada	Pending	Inapplicable	Inapplicable	All
	A Nitrogen-containing spirocyclic compound, pharmaceutical composition and use thereof	Europe	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spiro compound, a pharmaceutical composition and application thereof	Japan	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spiro compound, a pharmaceutical composition and application thereof	Korea	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spiro compound, a pharmaceutical composition and application thereof	Russia	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spiro compound, a pharmaceutical composition and application thereof	Hong Kong	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spiro compound, a pharmaceutical composition and application thereof	Indonesia	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spirocyclic compound, pharmaceutical composition and use thereof	U.S.	Pending	Inapplicable	Inapplicable	All
	A nitrogen-containing spirocyclic compound, pharmaceutical composition and use thereof	Brazil	Pending	Inapplicable	Inapplicable	All
PG-040 . .	Azacycloalkane compound and pharmaceutical composition, and use thereof	China	Pending	Inapplicable	Inapplicable	All
	Azacycloalkane compound and pharmaceutical composition, and use thereof	Europe	Pending	Inapplicable	Inapplicable	All
	Azacycloalkane compound and pharmaceutical composition, and use thereof	U.S.	Pending	Inapplicable	Inapplicable	All
	Azacycloalkane compound and pharmaceutical composition, and use thereof	Japan	Pending	Inapplicable	Inapplicable	All

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned, or in-licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and the methods of manufacturing the same.

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our product candidates. We seek to protect our proprietary product candidates and processes, in part, by entering into confidentiality agreements with consultants, scientific advisors and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements with our senior management and key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we used to employ each of our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

These agreements may not provide sufficient protection of our trade secrets and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secrets and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. Please see "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our Intellectual Property Rights" for a description of risks related to our intellectual property.

We conduct our business under the brand name of "普祺醫藥." As of the Latest Practicable Date, 普祺醫藥 had not been registered as trademark in China. See "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our Intellectual Property Rights — Our brand name has not been registered as trademark in China and therefore may not be adequately protected. This could adversely affect our ability to build brand recognition in our intended market, and our reputation and business could be adversely affected."

As of the Latest Practicable Date, we held 42 registered trademarks in China. We are also the owner of five domain names and eight software copyrights.

Based on the freedom-to-operate (FTO) analysis of our Core Product conducted by our legal advisor as to PRC intellectual property laws, we are not aware of any issued patents that may affect our rights to conduct research and development or commercialize our Core Product in China at the contemplated timeframe. Furthermore, as of the Latest Practicable Date, there were no pending claims, lawsuits, judicial proceedings or patent invalidation proceedings in China involving patents or patent applications related to PG-011, and we had not received any notice threatening to bring such claims. Based on the results of such FTO analysis and the relevant legal assessment, our legal

advisor as to PRC intellectual property laws is of the view that the risk that our research and development activities related to PG-011 will infringe any third-party patents or intellectual property rights in China is low. FTO analysis is a patent investigation, based on a search of patent databases, that is commonly used to determine whether any existing patents cover a company's products, and whether making, using, offering to sell, or selling the products would infringe any existing patents. However, we cannot provide any assurance that all relevant third party patents were identified or that conflicting patents will not be issued in the future.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not involved in any legal, arbitral or administrative proceedings in respect of, and we had not received notice of any material claims of infringement, misappropriation or other violations of, third-party intellectual property; and (ii) we were not involved in any proceedings or claim in respect of any intellectual property rights that may be threatened or pending and that may have an influence on the research and development for any of our product candidates in which we may be a claimant or a respondent.

COMPETITION

The pharmaceutical industry is characterized by rapidly advancing technologies, competition and a strong emphasis on proprietary drugs. While we believe our pipeline of clinical and pre-clinical stage proprietary assets, leading R&D capability, technology platforms and seasoned management team provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical companies, academic institutions, and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing drugs and new drugs that may become available in the future. For more detailed insights into the competitive landscape of our drug candidates, please see "Industry Overview" and "— Our Drug Candidates."

We focus on leveraging our industry experience and established R&D capabilities for the in-house discovery and development of differentiated therapeutics in the fields of autoimmune and inflammatory diseases. We face fierce competition from existing products and product candidates under development in the market. We face uncertainties in clinical trial development which are subject to a variety of factors, including satisfactory safety and efficacy results from clinical trials, successful enrollment of patients, and performance of CROs and other parties involved in clinical trial development and others.

PROPERTIES

We are headquartered in Beijing, PRC and our R&D center is located in Beijing, PRC.

Owned Properties

As of the Latest Practicable Date, we did not own any real property.

Leased Properties

As of the Latest Practicable Date, we held leases with respect to seven properties for business operation in China with an aggregate GFA of approximately 12,476.48 sq.m. We did not lease any properties overseas. We believe our current facilities are sufficient to meet our near-term business operation needs, and additional space can be obtained on commercially reasonable terms to meet our future needs.

The following table sets forth the details of our leased properties as of the Latest Practicable Date:

Actual usage	Location	GFA (sq.m)	Expiry Date
Office	Beijing	610	April 8, 2027
Office	Beijing	700	April 8, 2027
Office	Beijing	290	April 8, 2027
Office	Beijing	280	April 8, 2027
Office	Beijing	1,280	April 8, 2027
Office, R&D and manufacturing facility	Beijing	9,306	February 28, 2031/November 29, 2026
Office	Beijing	10	May 7, 2027

As of the Latest Practicable Date, one of our lease agreements for properties for our business operation had not been registered with relevant authorities in China. As advised by our PRC Legal Advisor, the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. For details, see "Risk Factors — Other Risks Relating to Our Operations — We are subject to risks associated with leasing space." We believe additional and/or substitutional space can be obtained on commercially reasonable terms to meet our operational needs if any of our leases is terminated. We do not expect to experience any material difficulty in relocating any of the foregoing facilities if necessary. Based on the aforementioned, our Directors are of the view that the non-registration and a potential termination of our leases will not have a material adverse impact on our overall business operations and financial performance. Based on the aforementioned Directors' view and taking into account that the maximum fine that the Company may be imposed for the non-registration of the leasing agreement is RMB10,000, which is not material, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on such view. We plan to comply with the lease agreement registration requirement regarding our lease agreements. However, as the filing of the lease agreements requires the coordination of both lessors and lessees, the lessors may not cooperate and complete the registration in a timely manner. During the Track Record Period and up to the Latest Practicable Date, we have not been required by the relevant local housing administration authorities to complete the registration, nor have we been subject to any penalties or fines imposed by the relevant authorities in connection with such matters.

As of the Latest Practicable Date, no single property interest that formed part of non-property activities had a carrying amount of 15% of our total assets. Therefore, 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 (Cap. 32L of the Laws of Hong Kong), this Document is exempted from compliance with the requirements of section 342(1)(b) 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 our interests in land or buildings.

EMPLOYEES

As of April 30, 2026, we had a total of 88 full-time employees. As of April 30, 2026, employees with a master's or doctoral degree accounted for more than 50% of our total full-time employees, and R&D personnel accounted for 75.0% of the employees. The following table sets forth a breakdown of our full-time employees categorized by function as of April 30, 2026:

Function	Number	Percentage
Management	4	4.5%
R&D	66	75.0%
Administration	14	16.0%
Finance	4	4.5%
Total	**88**	**100.0%**

The following table sets forth a breakdown of our full-time employees categorized by educational background as of April 30, 2026:

Educational Background	Number	Percentage
Doctoral Degree	10	11.4%
Master's Degree	41	46.6%
Bachelor's Degree	30	34.0%
Others	7	8.0%
Total	**88**	**100.0%**

We enter into individual employment contracts with our employees that covering salaries, bonuses, employee benefits, workplace safety, confidentiality and non-competition, work product assignment clause and grounds for termination.

To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, including internal training, to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and share-based payment, particularly our key employees.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds pursuant to applicable laws and regulations. We have complied with all statutory social security insurance fund and housing fund obligations applicable to us under the laws and regulations in China in all material aspects during the Track Record Period and as of the Latest Practicable Date.

Training and Development

We provide our employees with a diverse array of professional development opportunities and foster a performance-driven environment. Our focus is on cultivating a culture that promotes retention and engagement. With our emphasis on our integrated in-house research and development capabilities, we place significant importance on the growth of internal talent. We consistently seek out advancement opportunities for our staff through various internal and external training and development programs, including pre-job training, on-the-job practice, cross-training, special skills training, and talent echelon development training.

Workplace Safety

We have adopted and maintained a series of rules, standard operating procedures, and measures to maintain our employees' healthy and safe environment. We implement safety guidelines to set out information about potential safety hazards and procedures. We require employees to participate in safety training to familiarize themselves with the relevant safety rules and procedures. Also, we have policies in place and have adopted relevant measures to ensure the hygiene of our work environment and the health of our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalty in relation to health, work safety, social and environmental protection.

Labor Disputes

As of the Latest Practicable Date, we were not aware of any material labor disputes that had resulted in the interruption of our operations.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our insurance policies cover adverse events in clinical trials. We currently do not maintain insurance for environmental liability or property loss. Please refer to "Risk Factors — Other Risks Relating to Our Operations — Our insurance coverage may not completely cover the risks related to our business and operations, which could expose us to significant costs and business interruptions."

We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made or been the subject of any material insurance claims.

ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY MATTERS

ESG Governance

ESG Governance Structure

We have established an ESG governance framework encompassing decision-making, management and execution dimensions, forming a governance structure with clearly delineated responsibilities and seamless coordination. This provides robust organizational safeguards for systematically advancing ESG initiatives and enhancing disclosure quality.

As the supreme decision-making body for ESG matters, the Board of Directors bears ultimate responsibility for ESG management. It is tasked with reviewing, evaluating and approving major ESG issues, operational objectives, key policies and external disclosure reports.

The Board office serves as the central governance hub, undertaking the day-to-day management and coordination of ESG affairs. The ESG Working Group reports directly to it. All materiality assessments, key data, and draft reports must be submitted to the Board office for discussion and confirmation. Subsequently, the Board Secretary reports to the Board, ensuring the accurate communication of decision-making information.

The ESG Working Group, as the operational body, oversees the coordination and implementation of ESG initiatives. It organizes and coordinates ESG activities across our entire operations, ensuring timely, complete and accurate disclosure of information. Through quarterly communication meetings, it continuously monitors data submission, addresses anomalies and drives improvements, thereby ensuring effective execution of all tasks mandated by Board decisions.

ESG Risk Management and Strategies

We uphold a "zero tolerance" policy towards illegal and non-compliant activities, integrating a culture of compliance into our corporate governance framework. Through comprehensive risk identification and assessment procedures, we have established a multi-dimensional oversight mechanism covering core business areas including financial reporting, compliant operations, intellectual property protection, and anti-corruption. This achieves synergy between risk prevention and our sustainable development objectives.

Environmental

Indicators

We proactively implement carbon reduction and environmental principles, adopting a series of measures to address environmental risks, including climate change and energy scarcity. Through conducting environmental impact assessments, we ensure our activities meet sustainability standards. With reference to guidelines such as the Environmental Key Performance Indicators Reporting Guidance issued by the Stock Exchange, we monitor all energy consumption metrics, ensuring full alignment with our ESG governance framework and green energy-saving targets. We persistently enhance energy utilization efficiency to achieve our sustainable development objectives.

Our core business is pharmaceutical R&D. We do not directly engage in manufacturing activities and have no subsidiaries. As we do not own or lease vehicles on a long-term basis, our primary energy consumption stems from water and electricity usage in offices and laboratories.

The following table sets forth a breakdown of our key energy consumption during the Track Record Period:

	Year ended December 31,		For the four months ended April 30,
	2024	2025	2026
Resource consumption			
Water *(tons)*	1,246.00	1,036.00	252.00
Electricity *(MWh)*	179.66	190.63	62.13

We are committed to strengthening the monitoring of our greenhouse gas (GHG) emissions and have conducted a comprehensive verification of emissions from our operations during the Track Record Period.

The following table sets forth a breakdown of our key greenhouse gas emissions during the Track Record Period:

	Year ended December 31,		For the four months ended April 30,
	2024	2025	2026
Greenhouse gas emissions			
Total green house gas emissions	100.25	106.37	34.67
Scope 1 greenhouse gas emissions (tons of CO_2 equivalent)	–	–	–
Scope 2 greenhouse gas emissions (tons of CO_2 equivalent)	100.25	106.37	34.67

Note: The total greenhouse gas emissions represent the sum of Scope 1 and Scope 2 greenhouse gas emissions. Due to our asset-light operating model, we have limited control over the supply chain. Given the practical difficulties, we have not disclosed data related to Scope 3 greenhouse gas emissions.

Energy Conservation, Emissions Reduction Targets and Safety Objectives

Taking into account the business nature of innovative drug research and development, and based on historical operating data for the years of 2024, 2025 and the first four months of 2026, we have established core ESG targets that are measurable, achievable and monitorable. These targets include clearly defined timelines, calculation methodologies and underlying assumptions, and are used to continuously track the effectiveness of ESG initiatives. All targets are incorporated into the our daily operational management and supervision framework. Where review and optimization of such targets are required due to business development or regulatory changes, the reasons for and results of such adjustments will be formally disclosed.

The following table sets forth our objectives towards energy conservation, emissions reduction and workplace safety:

Objectives	Reference Value
Reduction in electricity consumption intensity by 2030 relative to 2024[(1)]	5%
Workplace environmental pollution incidents[(2)]	0
Compliant disposal rate for laboratory hazardous waste[(3)]	100%
Of which: Major laboratory safety incidents[(4)]	0

Objectives	Reference Value
Pre-employment safety training coverage rate[5]	100%
Major complaints from clinical trial subjects and serious ethical violation incidents[6]	0
Regulatory penalty incidents due to failure to disclose major information truthfully, accurately, and timely[2]	0
Senior management held accountable for violations of integrity principles[2]	0
Major administrative penalties due to unfair competition[2][7]	0
R&D data breach incidents[2]	0

Notes:

(1) To be achieved by 2030, assuming that there is no significant expansion of R&D premises during the period. Electricity intensity calculated by dividing (i) total electricity consumption by (ii) total gross floor area.

(2) Number of incidents determined based on administrative penalties imposed, investigations conducted, or other records maintained, by the relevant administrative and/or judicial authorities.

(3) Calculated by dividing (i) the amount of hazardous waste disposed of in compliance with applicable laws and regulations by (ii) the total hazardous waste generated during the period. Compliance status to be determined based on qualifications of third-party disposal institutions and acceptance records from environmental authorities.

(4) Refers to laboratory incidents resulting in casualties, significant property losses, or major environmental violations, as determined based on regulatory records.

(5) Calculated by dividing (i) the number of new employees having completing and passing training by (ii) the total number of new employees.

(6) Determined based on feedback and records from clinical trial institutions, drug regulatory authorities and ethics committees.

(7) A significant incident refers to a penalty with a material adverse impact on our operations or reputation.

Emissions

Our core business is drug research and development. Production of clinical-stage drugs is conducted via CMOs. We do not possess our own production facilities, and thus there are no emissions of exhaust gases, wastewater, or solid waste generated from production processes.

During the Track Record Period, we have no records of environmental compliance violations or penalties. Laboratory waste treatment processes have passed environmental acceptance inspections. We regularly upgrade pollution treatment facilities and continuously improve environmental management procedures.

The following table sets forth the hazardous waste amount during the Track Record Period:

	Year ended December 31,		For the four months ended April 30,
	2024	2025	2026
Total Hazardous Waste *(tons)*	3.95	3.42	0.63

Climate Change

We recognize climate change as a key challenge. We will monitor climate risks and opportunities, conduct systematic assessments, and improve mitigation measures and environmental strategies. Physical risks like high winds or extreme heat may temporarily close our offices, causing

asset damage, R&D disruption, safety threats, and revenue loss. We monitor disastrous weather, implement emergency plans, and adjust to temperature changes to ensure business continuity. We also invest in disaster recovery equipment, protect our archives with anti-theft, fire, heat, mold, damp, and pest controls, and perform regular backups to prevent data loss.

During the Track Record Period, we were not significantly affected by climate-related risks. Going forward, we will continue to fulfill our climate responsibilities reduce our carbon footprint, and minimize negative environmental impact.

Social

Employment

We are committed to continuously improving our employment system, creating a safe and comfortable working environment and a diversified development platform for our employees. Our employee structure is of high quality. We focus on talent acquisition and cultivation, safeguarding employees' equal rights in terms of employment conditions, training, promotion, and compensation.

Our recruitment is based on business development needs and role requirements. Where possible, we prioritize internal candidates who meet the position's criteria. Should no suitable internal candidates be available, we then seek qualified external applicants. Throughout the recruitment process, there is no discrimination based on gender, age, ethnicity, religious beliefs, disability, or similar factors. We firmly oppose any form of employment discrimination.

We strictly adhere to labor-related laws and regulations. During the recruitment process, we avoid illegal or non-compliant employment through prudent information collection and approval procedures. We also prohibit forced labor, respect employees' right to choose employment, and base work arrangements strictly on labor contract terms, without any use of violence, threats, or other forms of forced labor, fully protecting employees' legitimate rights and interests.

The following table sets forth the key employment performance indicators:

	Year ended December 31,		For the four months ended April 30,
	2024	2025	2026
Male	43	43	43
Female	51	45	45
Employee Turnover Rate	20%	13%	6%

Occupational Health and Safety

We comply with employee safety and health-related laws and regulations. We provide annual health check-ups for all employees, demonstrating our commitment to their physical and mental well-being. Furthermore, we equip R&D personnel with professional protective equipment such as gloves, goggles, and protective clothing. We also purchase group accident insurance for eligible employees. New employees must undergo training and pass corresponding assessments before assuming their posts.

Clinical Trial Subject Protection

As an R&D-focused pharmaceutical company, we strictly adhere to the Good Clinical Practice (GCP) and are committed to building a comprehensive subject protection system throughout the entire process.

We implement a complete informed consent process, using clear and understandable language to fully inform subjects (or their guardians) about the clinical trial's purpose, procedures, potential risks, rights protection, etc., ensuring subjects voluntarily sign the informed consent form with full understanding. Subject-related data is encrypted and stored with hierarchical access control. When involving contract R&D services, we require the entrusted organizations to strictly comply with regulatory provisions to safeguard subject data compliance and rights.

Clinical Trial Ethics and Safety Management

We comply with GCP and applicable ESG and regulatory standards on clinical trial ethics, safety, and environmental risks.

Ethics: Our procedures are ethics-committee approved. The consent forms for trial participants use clear language to disclose trial purpose, risks, and participants' rights. Patients' data are encrypted and managed with hierarchic access control.

Patient safety: We have adopted an end-to-end protection framework to prevent risks from improper handling of biological materials and hazardous substances.

Employee safety: We have adopted clear policies covering the storage, use, transport, and disposal of hazardous chemicals. We provide employees with PPE, fire/alarm systems, pre-job and ongoing training, as well as safety data sheets to follow.

Environmental risks: Hazardous chemicals are stored by category with ventilation, daily checks, and fire signage. Packaging and residues are recycled and/or disposed of under designated supervision to prevent unauthorized dumping and mitigate pollution risks at source.

Anti-Corruption

We consistently regard anti-corruption compliance as a core principle of corporate operations. By building and improving a management system, implementing full-chain risk prevention and control, conducting regular training and education, and establishing unobstructed supervision and reporting channels, we create an honest and compliant business operating environment, prohibiting any form of corruption, bribery, or improper benefit transfers. We explicitly prohibit providing improper benefits (such as rebates, excessive sponsorships, bid-rigging, etc.) to relevant parties including suppliers (including CROs, SMOs, reagent suppliers, etc.), clinical trial institutions, and government departments. Bribery, acceptance of bribes, and commercial fraud are strictly prohibited. The regulations also stipulate that for procurement and outsourcing businesses, contract negotiations must involve professionals from legal, technical, and other departments. Major contracts undergo multi-level approval, and contract texts must be reviewed by the legal department, with anti-corruption responsibilities and consequences for breach clearly defined in key clauses.

PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in the PRC and such licenses, permits and certifications all remain in full effect. For more details regarding the laws and regulations to which we are subject, see "Regulatory Overview." We had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. There is no material legal impediment in renewing such licenses, permits, approvals and certificates as they expire in the future as long as we are in compliance with applicable laws, regulations and rules. During the Track

Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for any non-compliance relating to maintenance and renewal of our material licenses, permits, approvals and certificates.

The following table sets forth the details of our material licenses, permits and approvals as of the Latest Practicable Date:

License/Permit	Issuing Authority	Holder	Grant Date	Expiration Date
Drug Manufacturing License (藥品生產許可證)	Beijing Municipal Medical Products Administration	Our Company	2026-05-20	2030-01-21
Filing Certificate for Enterprises Engaged in Explosive-Precursor Hazardous Chemicals (易制爆危險化學品從業單位備案證明)	Beijing Municipal Public Security Bureau Fengtai District Branch	Our Company	2020-12-02	N/A

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings. We are committed to maintaining the standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

Legal Compliance

Our current research facility, which is located in one of our leased properties in Fengtai District, Beijing, did not fully comply with the applicable approval or acceptance requirements during its renovation in 2019. Such historical non-compliance primarily include failure to obtain the construction permit and to conduct the completion acceptance procedures. Failure to obtain such permits or conduct such acceptance procedure may give rise to administrative actions by the relevant local authorities, including fines and mandatory remedial actions. Our Directors confirm that the foregoing historical non-compliance have not had and are not expected to have any material adverse effect on our licenses, permits, business operations or clinical and business development, considering that: (i) up to the Latest Practicable Date, we had not been subject to any penalty or administrative action with respect to such historical non-compliance; (ii) the potential aggregate fines resulting from such historical non-compliance will not have a material impact on our financial condition; and (iii) we are planning our new research and manufacturing facility in the Beijing Economic-Technological Development Area, and will no longer use the current facility involved in such historical non-compliance after the new facility is completed.

According to our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operation. Our Directors confirmed that we had complied with all material applicable laws and regulations for our operations in the PRC and we were not involved in any material or systemic non-compliance incidents in the PRC.

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. For more details, see "Risk Factors — Other Risks Relating to Our Operations." Our Directors oversee and manage the overall risks associated with our operations. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

To monitor the ongoing implementation of our 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:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and
- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

Internal Control

We have employed an independent internal control consultant to assess our internal control system in connection with the [**REDACTED**]. The internal control consultant has conducted a review procedure on our internal control system in certain aspects, including financial reporting and disclosure controls, corporate level controls, information system control and other procedures for our operations. Accordingly, we have improved our internal control by adopting and implementing the corresponding enhanced internal control measures. Going forward, we will continue to regularly review and improve these internal control policies, measures and procedures.

We have also appointed external legal counsel to advise us on compliance matters, such as compliance with the regulatory requirements on clinical R&D. Under our whistle blowing policy, we make our internal reporting channel open and available for our employees to report, on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. We have also established anti-bribery guidelines and compliance requirements. After considering the remedial actions we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

We plan to provide our Directors, senior management, and relevant employees with continuous training programs and updates regarding the relevant laws and regulations regularly to proactively identify any concerns and issues relating to any potential non-compliance.

Anti-bribery

We maintain a strict code of conduct and anti-corruption policies among our employees. We believe we will be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We strictly prohibit bribery or other improper payments in our business operations. This prohibition applies to all business activities, anywhere globally, whether involving government officials or healthcare professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of unusual, excessive or inadequately described expenses should be rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable.

We have adopted comprehensive internal control measures for anti-corruption and anti-bribery by (i) providing regular anti-corruption and anti-bribery compliance training for senior management and employees, including daily compliance team meeting, annual compliance training and other ad hoc compliance training sessions, to enhance their knowledge and compliance with applicable law and regulations; (ii) monitoring books, records and accounts with respect to supplier management, tendering and bidding process management and financial payment management to identify any false, misleading or undisclosed entries; (iii) establishing whistle-blowing mechanisms and encouraging all employees, suppliers, and other relevant parties to report suspicious activities and violations of the policies.

Conflict of Interest and Non-Competition

Our code of conduct clearly defines the scope of conflicts of interest, including supplier and customer relationships, hospitality and gifts, financial interests and personnel matters. Our employees, including but not limited to our Directors and R&D team members, may not have or be suspected of having a personal interest in business dealings with our suppliers, business partners, or competitors; accept monetary, financial or other benefits from our suppliers, customers, competitors or distributors; have close relatives who work for our suppliers, customers, competitors or distributors; serve as a consultant or director in an association or company in the same market or industry. At the same time, employees shall keep confidential information strictly confidential and agree on the definition of confidential information, the content covered, the use of intellectual properties, including but not limited to any transfer of know-how, acquisition of technologies, and potential breach liabilities.

Our employee agreements have included non-competition clauses, which prohibit employees from engaging in or directly or indirectly assisting any third party to engage in the same, similar and competitive business activities as our Company for a period of two years from the date of termination of employment. Any of our employees shall not, without prior written approval from our Company, own, manage, operate or control any other entity that competes with our Company.

Data Privacy Protection

We are subject to the relevant local, state, national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations.

We do not have direct access to the personal information of patients participating in our clinical trials. Such information is cleansed before we receive clinical trial data from our CROs or the CROs receive relevant trial information from the hospitals administering the trials. We require that all parties involved in clinical trials, both external and internal, comply with applicable confidentiality obligations. Our CROs and other partners are obligated to safeguard the

confidentiality of such information pursuant to our contracts with them. Compliance with GCP and relevant rules ensures that only approved personnel can access clinical trial data. Data utilization is strictly confined to the use consented to by the patients, which is in line with the Informed Consent Form ("**ICF**"). We ensure to obtain further consent from patients for any data usage that extends beyond the ICF's scope. Any data transfer related to our product development activities and regulatory communications must comply with relevant local data protection and privacy laws. Despite the evolving nature of these laws and our potential clinical trials, we have not encountered significant issues with data transfers so far. We believe our practices related to transferring clinical trial data are in line with industry standards.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of confidential personal information or any other personal information-related incidents which could cause a material adverse effect on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalty in relation to data privacy, and had been in compliance with the relevant PRC laws and regulations in all material aspects in this regard.

AWARDS AND RECOGNITIONS

The table below sets forth a summary of the major awards and recognition we received during the Track Record Period.

Year of Grant	Award/Recognition	Issuing Authority
2019, 2022 and 2026	National High-Tech Enterprise (國家級高新技術企業)	Municipal Science and Technology Commission/ Finance Bureau/Beijing Tax Bureau
2025	Zhongguancun High-Tech Enterprise (中關村高新技術企業)	Zhongguancun Science Park Administrative Committee
2023	National-level Specialized, Sophisticated, Unique and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology
2023	Beijing Intellectual Property Pilot Unit (北京市知識產權試點單位)	Beijing Intellectual Property Office
2022	Beijing Municipal Specialized, Sophisticated, Unique and Innovative SME (北京市"專精特新"中小企業)	Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局)

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, the directors, substantial shareholders and chief executive of our Company and any person who was a director of our Company within 12 months preceding the [**REDACTED**] and any of their respective associates will be connected persons of our Company upon [**REDACTED**].

We have entered into certain agreements with Chifeng Saliont, a company controlled by Mr. Li, chairman of the Board, an executive Director, general manager and one of the Controlling Shareholders of the Company, who will become a connected person of our Company upon [**REDACTED**] and the transactions contemplated under such agreements will constitute continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. As our Company is eligible for [**REDACTED**] on the Stock Exchange under Chapter 18A of the Listing Rules as a pre-revenue biotech company, the revenue ratio under Rule 14.07 of the Listing Rules would not be an appropriate measurement of the size of relevant continuing connected transactions as set out in this section. Accordingly, we have applied a percentage ratio test based on the total expenses for R&D and administrative matters of our Company as an alternative size test.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

The following transaction is made in the ordinary and usual course of business and on normal commercial terms or better which will be regarded as non-exempt continuing connected transaction of our Company under Chapter 14A of the Listing Rules.

CMO Services Framework Agreement

Transaction	Applicable Listing Rules	Waiver sought	Proposed annual caps for the year ending December 31,		
			2026	2027	2028
				(RMB'000)	
CMO Services Framework Agreement	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59, 14A.71, 14A.105	Announcement, circular, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules	7,000	7,000	18,000

We have historically procured contract manufacturing organization services (the "**CMO Services**") from Chifeng Saliont from time to time in our ordinary course of business. The CMO services primarily include processing and testing of clinical samples based on Company's specific technical requirements. We intend to continue to engage Chifeng Saliont to provide us with CMO Services after the [**REDACTED**].

Principal terms

On [●], our Company and Chifeng Saliont entered into a framework agreement in relation to the procurement of CMO Services (the "**CMO Services Framework Agreement**"), pursuant to which Chifeng Saliont agreed to provide CMO Services to our Company. The CMO Services Framework Agreement has a term commencing from the [**REDACTED**] to December 31, 2028, which may be renewed for a further term not exceeding three years from time to time, as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant members of both parties will enter into separate CMO services agreements setting out the specific terms and conditions based on the principles provided in the CMO Services Framework Agreement.

Reasons for the Transactions

Chifeng Saliont is primarily engaged in pharmaceutical wholesale and pharmaceutical manufacturing, including: (1) production and wholesale of generic drugs; and (2) providing contract manufacturing services (CMO business) to innovative pharmaceutical companies, encompassing the synthesis of active pharmaceutical ingredients (APIs) and the processing of finished drug products.

Fully considering the diverse needs of different stages of new drug R&D and production, Chifeng Saliont has a complete configuration of R&D and quality laboratories, API workshops, formulation workshops and warehousing facilities, which provides solid hardware support and meets the core facility requirements for undertaking CMO business. Chifeng Saliont also covers all stages of drug R&D and production, including lab-scale trial, pilot-scale trial, process validation and commercial production, which enables Chifeng Saliont to improve overall efficiency, reduce conversion costs, and further demonstrates its qualification and capability to provide one-stop personalized CMO services and solutions to us, ranging from intermediates to active pharmaceutical ingredients (API) and formulations.

Taking into account (i) our past collaboration with Chifeng Saliont and its track record in providing CMO Services to us, particularly its pricing, reliability in delivery of our orders, service quality and production capacity; and (ii) its understanding of our requirements for our service specifications, our Directors believe that Chifeng Saliont is able to provide the required services that suit our needs and that it is in the best interests of our Company and Shareholders to enter into the CMO Services Framework Agreement.

Pricing Policy

The service fees payable by us to the Chifeng Saliont under the CMO Services Framework Agreement shall be determined after arm's length negotiations between the parties with reference to the nature, scope and complexity of processing service and testing service to be provided, the expected cost and expenses for provision of the required services plus a profit margin and the prevailing market price of independent third party suppliers in the same industry. Specifically, the service fees will be determined having regard to the specific nature of the CMO services to be provided, the overall scope of services covered by the CMO Services Framework Agreement, and the complexity of the technical requirements involved in the CMO Services, as different service types and technical difficulty levels will directly affect the resource input required. In addition, the expected costs and expenses incurred by Chifeng Saliont in providing the required services, including labor costs, material costs, technical support costs and other related operating expenses. Furthermore, the prevailing market prices of independent third-party suppliers in the same industry that provide comparable processing and testing services are taken into account to ensure that the agreed service fees are in line with normal commercial standards and do not deviate from the market level.

We will obtain quotations from independent third party suppliers for the services of comparable specification. We shall solicit one to three other quotations from independent third parties for comparable products to determine if the price and terms offered by the Chifeng Saliont are fair and reasonable and comparable to those offered by independent third parties. The pricing terms under the CMO Services Framework Agreement shall be no less favorable to our Company than the terms offered by independent third parties or the terms offered by the Chifeng Saliont to customers who are not connected thereto. Our independent non-executive Directors will review and reassess the amounts of payments made to the Chifeng Saliont on an annual basis. Besides, we will take into account factors including the quality of the services and specifications offered by independent third party qualified suppliers and as such, in the event that we are able to obtain more preferential terms from independent third party qualified suppliers, including better payment terms, and the relevant technical and quality requirements are satisfied, we may opt not to procure the products from the Chifeng Saliont.

The Company has established a multi-level monitoring mechanism to supervise the implementation of the pricing policy. The Audit Committee will conduct regular inspections on the service fees, including reviewing the quotation records, negotiation minutes, service contracts and payment documents, to verify that the pricing policy is strictly followed in practice. The Company's internal audit department will also conduct periodic audits of the service pricing process, identify any potential non-compliance issues and put forward rectification suggestions in a timely manner. In practice, the Company will dynamically track the market prices of comparable services and the terms offered by independent third-party qualified suppliers. If the Company is able to obtain more preferential terms from independent third-party qualified suppliers that meet the relevant technical and quality requirements, our independent non-executive Directors and Audit Committee will urge the Company to procure the services from such independent third-party qualified suppliers (as opposed to Chifeng Saliont), which further ensures that the transactions are conducted on normal commercial terms and in the best interests of the Company.

Further, to ensure that the transactions are fair and reasonable to our minority Shareholders, the Company has implemented the following measures: (i) the pricing policy is formulated based on arm's length negotiations and market comparison taking into account our minority Shareholders' opinions, eliminating any potential bias in favor of connected parties; and (ii) the Company maintains complete records of the quotation process, negotiation details, monitoring results and the track record of the service fees paid by our Company to Chifeng Saliont, which are available for inspection by regulatory authorities and our minority Shareholders.

Historical amounts

The historical aggregate purchase of CMO services by our Company to the Chifeng Saliont for the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026 amounted to RMB11.6 million, RMB5.8 million and RMB1.1 million, representing 11.0%, 6.3% and 3.7% of our Company's total purchase, respectively. The fluctuations in historical transaction amounts were primarily attributable to the reduced demand for CMO services in light of the status of the research and development activities.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by the Company to Chifeng Saliont under the CMO Services Framework Agreement for each of the three years ending December 31, 2028 will not exceed RMB7.0 million, RMB7.0 million and RMB18.0 million, respectively.

In arriving at the above annual caps, our Directors have considered the volume, work order and estimated schedule of CMO services we expect to procure from Chifeng Saliont for the three years ending December 31, 2028. Based on the current status of the clinical trial of our Core Product, we expect an increase in CMO Services for the year ending December 31, 2028. In arriving at the proposed annual caps for each year from 2026 to 2028 under the CMO Services Framework Agreement, our Directors have conducted a comprehensive assessment and precise calculation based on the Company's internal calculation working papers, which detail the specific CMO service items, quantities, and corresponding cost breakdowns. Specifically, the annual caps for the two years ending December 31, 2026 and 2027 are determined based on the expected production and testing costs of various products (including API and formulations) to be procured from Chifeng Saliont. For the year ending December 31, 2028, driven by the substantial increase in commercial production volume of core products (including expected 13 batches of commercial production of API), the total estimated production and testing costs are expected to reach approximately RMB15.2 million, resulting in a significant increase of the annual cap to RMB18 million. This adjustment is fully based on the specific service content, quantity, and cost standards specified in the calculation working papers, ensuring that the proposed annual cap is reasonable, prudent, and consistent with the Company's actual business needs.

Listing Rules implications

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps under the CMO Services Framework Agreement is expected to be more than 5% on an annual basis, the transactions contemplated under the CMO Services Framework Agreement constitute continuing connected transaction for our Company which will, upon [**REDACTED**], be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Under Rule 14A.76(2) of the Listing Rules, the transactions under the paragraph headed "Non-exempt continuing connected transaction" will constitute our continuing connected transaction subject to those requirements under Chapter 14A of the Listing Rules upon the [**REDACTED**].

As the non-exempt continuing connected transaction is 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 and the independent Shareholders' approval requirements (as the case may be) 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], waivers exempting us from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "Non-exempt Continuing Connected Transaction" in this section, subject to the condition that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

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 transaction 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) consider that all the aforesaid continuing connected transactions in this section have been and will be carried out (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of all the respective continuing connected transaction in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' CONFIRMATION

Based on the documentation and information provided by our Company and the due diligence and discussions with our Company, the Joint Sponsors are of the view (i) that the continuing connected transaction described under this section has been entered into in the ordinary and usual course of our business, on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) that the proposed annual caps of such continuing connected transaction are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

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

- We have approved 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 Listing Rules; and

- We 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 transaction(s) entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will conduct annual review to ensure that the continuing connected transaction(s) have been entered into in the ordinary and usual course of business of our Company, 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 also conduct annual review on the pricing and annual cap of the non-exempt continuing connected transaction(s).

BOARD OF DIRECTORS

Our Board comprises nine Directors, including four executive Directors, one non-executive Director and four independent non-executive Directors. The following table sets forth information in relation to our Directors:

Name	Age	Position(s)	Date of Joining Our Company	Date of Appointment as Director	Roles and Responsibilities	Relationship with Other Directors or Senior Management Members
Mr. Li Yuliang (李雨亮) .	45	Chairman of the Board, executive Director and general manager	September 26, 2016	April 10, 2021	Responsible for overall strategic planning of our Company and leading our Board	Spouse of Ms. Wang Hongmei (王紅嵋)
Dr. Daniel Yunlong Du . . .	62	Executive Director, Deputy General Manager and chief medical officer	March 1, 2021	April 10, 2021	Responsible for supervising clinical development strategy and execution, and overall R&D strategy and project planning of our Company	None
Mr. Wu Xing (毋興)	48	Executive Director, Chief Financial Officer, Board Secretary, and one of the joint company secretaries	September 26, 2016	April 10, 2021	Responsible for supervising corporate investment and financing activities, overall financial planning, and investor relations management of our Company	None
Ms. Wang Hongmei (王紅嵋) .	46	Executive Director	May 28, 2020	May 28, 2020	Responsible for overseeing the operation and daily management of our Company	Spouse of Mr. Li Yuliang (李雨亮)
Dr. Han Yongxin (韓永信) .	60	Non-executive Director	September 1, 2018	May 28, 2020	Responsible for providing strategic and industry-level advice to the Board	None
Mr. Zhang Qing (張青)	47	Independent non-executive Director	January 23, 2025	January 23, 2025	Responsible for providing independent advice and judgment to our Board	None

Name	Age	Position(s)	Date of Joining Our Company	Date of Appointment as Director	Roles and Responsibilities	Relationship with Other Directors or Senior Management Members
Mr. Na Shuai (那帅)	38	Independent non-executive Director	January 23, 2025	January 23, 2025	Responsible for providing independent advice and judgment to our Board	None
Mr. Hu Wei (胡威) . .	43	Independent non-executive Director	January 23, 2025	January 23, 2025	Responsible for providing independent advice and judgment to our Board	None
Mr. Lang Xiaofeng (郎晓峰) .	44	Independent non-executive Director	[●]	[●]	Responsible for providing independent advice and judgment to our Board	None

Executive Directors

Mr. Li Yuliang (李雨亮), aged 45, is the chairman of the Board, an executive Director and general manager of our Company. Mr. Li founded our Company in September 2016 and has served as the executive Director and chairman of our Board since April 2021, and the Company's legal representative since February 2022 and was appointed as the general manager of the Company in January 2025. He is primarily responsible for overall strategic planning of our Company and leading our Board. He is also one of our Controlling Shareholders and the spouse of Ms. Wang. As the core strategic leader of the Company, Mr. Li led the company's R&D direction, built the early R&D team and introduced key talents, making final core decisions on pipeline initiation, clinical strategies and external project introductions. Mr. Li also organized pre-clinical technical platform establishment, led clinical development strategy formulation and resource coordination, and leveraged his commercial background to lead commercial strategy, channel layout and high-level BD negotiations for several products of our Company (e.g., our Core Product Pumecitinib).

Prior to founding our Company, Mr. Li accumulated extensive experience and a successful track record across the broader healthcare industry. Mr. Li has particular experience and industry resources within the pharmaceutical and medical sectors, enabling him with a forward-looking business perspective critical to the integrated health field. Mr. Li has over 18 years of experience in corporate and business management. From October 2007 to July 2011, he served as an executive director and manager of Chifeng Jinquan Health Technology Co., Ltd. (赤峰金泉健康科技有限公司), formerly known as Chifeng Jinquan Electronic Products Co., Ltd.* (赤峰金泉電子產品有限公司), a company that is primarily engaged in production and sales of electronic products. From April 2011 to April 2025, he was the executive director and manager at Chifeng Saliont Pharmaceutical Co., Ltd.* (赤峰賽林泰藥業有限公司), a company that is primarily engaged in production and sales of drugs. In January 2016, Mr Li established Chifeng Fukang Investment Management Co., Ltd. (赤峰福康投資管理有限公司) ("**Chifeng Fukang Investment**"), which primarily engages in investment and operations within the comprehensive health business sector. Through Chifeng Fukang Investment, Mr. Li acquired interests in Chifeng Meinian Healthcare Management Co., Ltd. (赤峰美年大健康健康管理有限公司), a company primarily engages in body check and consulting services in April 2016. In March 2017, Mr. Li indirectly founded Chifeng Ciming Healthcare

Management Co., Ltd. (赤峰慈銘健康管理有限公司), which primarily engages in body check and consulting services. In June 2019, he indirectly founded Chifeng Jinfu Real Estate Development Co., Ltd. (赤峰晋福房地開發有限公司), which primarily engages in the wellness-integrated real estate business. In May 2020, he indirectly founded Chifeng Qinghe Hospital (赤峰清河醫院), a private secondary general hospital specializing in chronic disease rehabilitation services.

Mr. Li served as a director, legal representative or the general manager of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration or revocation of business license. The relevant details are as follows:

Name of Enterprise	Place of Incorporation	Status	Date of Dissolution	Reason of Dissolution	Position held
Beijing Huanxiang Vision Culture Media Co., Ltd. (北京幻想視覺文化傳媒有限公司)	PRC	Deregistration	August 11, 2021	Revocation of business license[(1)]	Chairman of the board and legal representative
Chifeng Zhirong Investment Co., Ltd. (赤峰智榮投資有限公司)	PRC	Deregistration	March 31, 2016	Cessation of business operation	Executive director, general manager and legal representative
Shanghai Aoyun Software Co., Ltd. (上海奧雲軟件有限公司)	PRC	Deregistration	March 22, 2019	Cessation of business operation	Executive director, general manager and legal representative
Chifeng Puqi Pharmaceutical Technology Co., Ltd. (赤峰普祺醫藥科技有限公司)	PRC	Deregistration	July 25, 2022	Cessation of business operation	Executive director, general manager and legal representative

Note:

1. The business license of Beijing Huanxiang Vision Culture Media Co., Ltd. (北京幻想視覺文化傳媒有限公司) was revoked by the regulatory authority as it has been voluntarily in a state of suspension with no business activities carried out for more than six months and has not applied to the regulatory authority for suspension registration, which pursuant to the PRC laws gives rise to a cause of matter for revocation of business license.

As confirmed by Mr. Li, to the best of his knowledge, (i) the aforesaid companies were solvent immediately prior to their dissolution or revocation of business license, (ii) there was no wrongful act on his part leading to the dissolution or revocation of business license, (iii) the aforesaid companies have been fully dissolved and no contingent liabilities, outstanding obligations, or potential claims remain, (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution or revocation of business license, and (v) there is no contingent liability, unresolved regulatory issue, or potential or ongoing litigation involving Mr. Li or the aforesaid companies in consequence of such dissolution or revocation of business license.

Mr. Li graduated from Hebei Finance University, majoring in finance in the PRC in July 2002.

Dr. Daniel Yunlong Du, aged 62, is an executive Director and deputy general manager of our Company. Dr. Du has been appointed as chief medical officer since April 2021. He has been appointed as Director since April 2021. He was further appointed as general manager from March 2021 to January 2025 and was appointed as a deputy general manager in January 2025. He is primarily responsible for supervising clinical development strategy and execution, and overall R&D strategy and project planning of our Company.

Dr. Du has over 20 years of extensive experience in the pharmaceutical and healthcare R&D industry. Dr. Du held position at Pfizer Inc., a multinational pharmaceutical company headquartered in New York from August 2002 to August 2007 with his last position as the associate director. From October 2009 to August 2015, he was the principal clinical scientist at GlaxoSmithKline Plc., a multinational pharmaceutical company headquartered in the United Kingdom. From November 2015 to March 2016, he served at Akebia Therapeutics, Inc., a pharmaceutical company in Massachusetts in the United States. From March 2016 to August 2017, he worked as the vice president at Frontage Clinical Services, Inc., a company engaged in drug development studies in New Jersey in the United States. From November 2017 to March 2021, Dr. Du worked at Hualing Pharmaceuticals Technology (Shanghai) Co., Ltd. (華領醫藥技術(上海)有限公司), a company listed on The Stock Exchange of Hong Kong Limited (stock code: 02552.HK), as the senior vice president.

Dr. Du obtained his bachelor's degree in medicine and a master's degree in medicine with a major in basic medical science and pharmacology from Peking Medical University (北京醫科大學), now known as the Peking University Health Science Center (北京大學醫學部), in the PRC in July 1987 and July 1989 respectively. He attended Albany Medical College from August 1990, majoring in pharmacology and toxicology, and was awarded a doctor of philosophy degree by the institution, in the United States of America in May 1995.

Mr. Wu Xing (毋興), aged 48, is an executive Director, Chief Financial Officer, Board Secretary and one of the joint company secretaries of our Company. Mr. Wu was appointed as manager from September 2016 to May 2020. He was further appointed as the supervisor from May 2020 to April 2021. He was appointed as a Director in April 2021, appointed as the chief financial officer in August 2023 and appointed as Board secretary in January 2025. He is primarily responsible for supervising corporate investment and financing activities, overall financial planning, and investor relations management of our Company. Mr. Wu is also responsible for overseeing and executing various rounds of financing activities of the Company. Mr. Wu is a member of the Remuneration Committee.

Mr. Wu has over 15 years of experience in finance and investment. From February 2003 to May 2004, he worked at Beijing Zhonghongjin Information Co., Ltd. (北京中宏金資訊有限公司). From September 2008 to July 2011, he worked at China Postal Savings Bank Company Limited (Shanxi Provincial Branch) (中國郵政儲蓄銀行股份有限公司山西省分行). From September 2011 to July 2014, he worked at Bank of Communications Company Limited (Shanxi Provincial Branch) (交通銀行股份有限公司山西省分行). Subsequently, from January 2016 to March 2018, he worked as the deputy general manager at Chifeng Fukang Investment Management Co., Ltd.* (赤峰福康投資管理有限公司).

Mr. Wu served as a director, supervisor, general manager, executive partner or legal representative of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration. The relevant details are as follows:

Name of Enterprise	Place of Incorporation	Status	Date of Dissolution	Reason of Dissolution	Position held
Chifeng Puqi Pharmaceutical Technology Co., Ltd. (赤峰普祺醫藥科技有限公司)	PRC	Deregistration	July 25, 2022	Cessation of business operation	Supervisor
Chifeng Herun Pharmaceutical Co., Ltd. (赤峰和潤醫藥有限公司)	PRC	Deregistration	October 18, 2021	Cessation of business operation	Executive director, general manager and legal representative

Name of Enterprise	Place of Incorporation	Status	Date of Dissolution	Reason of Dissolution	Position held
Chifeng Sanyang Pharmaceutical Technology Co., Ltd. (赤峰三陽醫藥科技有限公司)	PRC	Deregistration	November 15, 2019	Cessation of business operation	Executive director, general manager and legal representative
Chifeng Hankang Medical Technology Co., Ltd. (赤峰瀚康醫療科技有限公司)	PRC	Deregistration	July 5, 2022	Cessation of business operation	Supervisor
Chifeng Hongxi Enterprise Management Consulting Centre (Limited Partnership) (赤峰鴻熙企業管理諮詢中心(有限合夥))	PRC	Deregistration	July 18, 2022	Cessation of business operation	Executive partner

As confirmed by Mr. Wu, to the best of his knowledge, (i) the aforesaid companies were solvent immediately prior to their dissolution, (ii) there was no wrongful act on his part leading to the dissolution, and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution.

Mr. Wu obtained his master's degree in economics, majoring in finance, from Shanxi University of Finance and Economics (山西財經大學) in the PRC in June 2008.

Ms. Wang Hongmei (王紅峋) (formerly known as Wang Hongmei (王紅梅)), aged 46, is an executive Director of our Company. Ms. Wang joined our Company in May 2020. From May 2020 to April 2022, she worked as the manager of our Company. Ms. Wang has been appointed as Director since May 28, 2020, and in August 2023 she was appointed as the head of the Board office. She is primarily responsible for overseeing the operation and daily management of our Company. Ms. Wang is a member of the Nomination Committee. Ms. Wang is the spouse of Mr. Li. As a professional executive complementary to the strategic team, Ms. Wang was primarily responsible for the daily administrative management of the Company. She assisted in commercial channel layout and business development team management, and provided practical support for each stage to ensure work efficiency and quality.

Prior to joining our Company, she worked at Chifeng Jinquan Health Technology Co., Ltd. (赤峰金泉健康科技有限公司), formerly known as Chifeng Jinquan Electronic Products Co., Ltd. (赤峰金泉電子產品有限公司), a company that is primarily engaged in production and sales of electronic products, as a supervisor from October 2007 to July 2011 and as an executive director and manager from July 2011 to November 2020.

Ms. Wang was the director, general manager or legal representative of the following dissolved companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration or revocation of business license. The relevant details are as follows:

Name of Enterprise	Place of Incorporation	Status	Date of Dissolution	Reason of Dissolution	Position held
Beijing Huanxiang Vision Culture Media Co., Ltd. (北京幻想視覺文化傳媒有限公司)	PRC	Deregistration	August 11, 2021	Revocation of business license	Director

Name of Enterprise	Place of Incorporation	Status	Date of Dissolution	Reason of Dissolution	Position held
Beijing Derun Kangtai Biomedical Technology Co., Ltd. (北京德潤康泰生物醫藥科技有限公司) .	PRC	Deregistration	December 4, 2019	Cessation of business operation	Executive director, general manager and legal representative
Chifeng Aiyue Health Management Co., Ltd. (赤峰愛悅健康管理有限公司)	PRC	Deregistration	July 5, 2022	Cessation of business operation	Executive director, general manager and legal representative

As confirmed by Ms. Wang, to the best of her knowledge, (i) the aforesaid companies were solvent immediately prior to their dissolution or revocation of business license, (ii) there was no wrongful act on her part leading to the dissolution or revocation of business license, (iii) the aforesaid companies have been fully dissolved and no contingent liabilities, outstanding obligations, or potential claims remain, (iv) she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolution or revocation of business license, and (v) there is no contingent liability, unresolved regulatory issue, or potential or ongoing litigation involving Ms. Wang or the aforesaid companies in consequence of such dissolution or revocation of business license.

Ms. Wang obtained her master's degree in law from Beijing Institute of Technology (北京理工大學) in the PRC in June 2023.

Non-executive Director

Dr. Han Yongxin (韓永信), aged 60, is the non-executive Director of our Company. Dr. Han joined as a consultant since September 2018 and he was appointed as the Director of our Company in May 2020. He is primarily responsible for providing strategic and industry-level advice to the Board.

Prior to joining our Company, Dr. Han worked at Hybridon Inc., a biotechnology company based in Massachusetts, as research scientist in 1997. From November 2003 to October 2005, he worked at Array BioPharma Inc., a biopharmaceutical company in Colorado. From August 2010 to May 2016, he worked as the general manager of Centaurus BioPharma Co., Ltd. (北京賽林泰醫藥技術有限公司). Dr. Han worked at Peak Beijing Co., Ltd. (北京鼎峯科誠醫藥技術有限公司) as a supervisor from September 2015 to November 2021. From December 2016 to July 2020, he worked as the supervisor of Zhejiang Chuangxinshu Network Technology Co., Ltd. (浙江創欣樹網絡科技有限公司). From March 2018 to December 2019, he was the supervisor of Beijing Derun Kangtai Biomedical Technology Co., Ltd. (北京德潤康泰生物醫藥科技有限公司). From June 2018 to May 2023, he was the manager of Beijing Bohan Technology Development Centre (北京博涵科技發展中心). From June 2018 to May 2025, he was the director of Vivavision Biotech Inc. (維眸生物科技(浙江)有限公司). From August 2018 to present, he was the director of BroadenBio Co., Ltd. (北京伯匯生物技術有限公司). From May 2022 to January 12, 2026, he was the director of Beijing Konruns Pharmaceutical Co., Ltd. (北京康辰藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603590.SH).

Dr. Han was a supervisor or manager of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration. The relevant details are as follows:

Name of Enterprise*	Place of Incorporation	Status	Date of Dissolution	Reason of Dissolution	Position held
Peak Beijing Co., Ltd. (北京鼎峯科誠醫藥技術有限公司)	PRC	Deregistration	November 2, 2021	Cessation of business operation	Supervisor
Zhejiang Chuangxinshu Network Technology Co., Ltd. (浙江創欣樹網絡科技有限公司)	PRC	Deregistration	July 21, 2020	Cessation of business operation	Supervisor
Beijing Derun Kangtai Biomedical Technology Co., Ltd. (北京德潤康泰生物醫藥科技有限公司)	PRC	Deregistration	December 4, 2019	Cessation of business operation	Supervisor
Beijing Bohan Technology Development Centre (北京博涵科技發展中心)	PRC	Deregistration	May 23, 2023	Cessation of business operation	Manager

As confirmed by Dr. Han, to the best of his knowledge, (i) the aforesaid companies were solvent immediately prior to their dissolution, (ii) there was no wrongful act on his part leading to the dissolution, (iii) the aforesaid companies have been fully dissolved and no contingent liabilities, outstanding obligations, or potential claims remain, and (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution.

Dr. Han obtained his bachelor's degree in Chemistry from the Peking University in the PRC in July 1987. He further obtained his master's degree in polymer chemistry from Institute of Chemistry, Chinese Academy of Sciences (中國科學院化學研究所) in the PRC, in September 1990. He received his doctor of philosophy degree from University of Minnesota in the United States of America in October 1996.

Dr. Han was qualified as Senior Engineer in Biopharmaceuticals (Professor-Level) (生物製藥高級工程師(教授級)) upon approved by Beijing Senior Specialized Technique Qualification Evaluation Committee (北京高級技術專業資格評審委員會) in December 2012.

Independent Non-executive Directors

Mr. Zhang Qing (張青), aged 47, was appointed as an independent non-executive Director on January 23, 2025. He is primarily responsible for providing independent advice and judgment to our Board. Mr. Zhang is a member of the audit committee.

Prior to joining our Company, Mr. Zhang worked at Nanjing Medical University (南京醫科大學) as teaching assistant from October 2004 to June 2007, as a lecturer from July 2007 to June 2019, and has served as the associate professor since July 2019. From November 2017 to November 2018, he conducted academic research as a visiting scholar at Stanford University in the United States of America.

Mr. Zhang obtained his master's degree in science from China Pharmaceutical University (中國藥科大學) in the PRC in June 2004. He received his doctor of medicine degree in pharmacology from Nanjing Medical University (南京醫科大學) in the PRC in December 2015. Since 2019, he has been recognized as an associate professor by Nanjing Medical University.

Mr. Na Shuai (那帥), aged 38, was appointed as an independent non-executive Director on January 23, 2025. He is responsible for providing independent advice and judgment to our Board. Mr. Na is the Chairman of the Nomination Committee and a member of the Audit Committee.

Mr. Na was the postdoctoral fellow at the California Institute of Technology from November 2017 to February 2022. He has served as a research fellow at Peking University since April 2022.

Mr. Na obtained a bachelor's degree in engineering from Tongji University (同濟大學) in the PRC in July 2010. He obtained a master's degree in science with a major in engineering mechanics from Fudan University (復旦大學) in the PRC in June 2013. He received his doctor of philosophy degree from University of Waterloo in Canada in October 2017.

Mr. Hu Wei (胡威), aged 43, was appointed as independent non-executive Director on January 23, 2025. He is responsible for providing independent advice and judgment to our Board. Mr. Hu is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Prior to joining our Company, Mr. Hu served at Deloitte Touche Tohmatsu CPA Firm, Beijing Office (德勤華永會計師事務所(特殊普通合夥)北京分所), from July 2006 to December 2015 with his last position as senior audit manager. From January 2016 to April 2018, he served as vice president of the International Business Division at China Science & Merchants Investment Management Group Co., Ltd. (中科招商投資管理集團股份有限公司). From April 2018 to May 2019, he served as finance head at Asia Clean Capital (Beijing) New Energy Technology Ltd (亞潔能(北京)新能源科技有限公司). From December 2019 to March 2024, he was the chief financial officer and board secretary of Beijing Jiuzhou Hengsheng Electric Power Technology Co., Ltd. (北京九州恆盛電力科技有限公司). From September 2024 to April 2025, he was the chief operating officer of Beijing Jinshan Intelligent Technology Co., Ltd. (北京金山智能科技有限公司). Since May 2024, Mr. Hu has served as the assistant to the chairman of Beijing Huaxia Pawn Firm Co., Ltd. (北京市華夏典當行有限責任公司).

Mr. Hu obtained his bachelor's degree in economics from North China University of Technology (北方工業大學) in the PRC in July 2004. He obtained a master's degree in management with a major in accounting from University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2006.

Mr. Hu became a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in July 2016. He became a Certified Public Accountant in the state of Illinois, in the United States of America in February 2013.

Mr. Lang Xiaofeng (郎曉峰), aged 44, is the independent non-executive Director of our Company. Mr. Lang has been appointed as an independent non-executive Director in [●]. He is primarily responsible for providing independent advice and judgment to our Board. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee.

Mr. Lang held the position as a sales manager of China Railway Investment Co., Ltd. from 2009 to 2014. Mr. Lang served as the vice president of Hony Capital from December 2014 to September 2017. From September 2017 to September 2020, he served as Senior Manager of the Development Department at Home one Group Limited (弘毅集團有限公司). From September 2020 to September 2021, Mr. Lang serves as the assistant to general manager and chief company development officer (公司發展部總監) of the Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司), a company listed on The Stock Exchange of Hong Kong Limited (stock code: 03869.HK). He is primarily responsible for strategic research, branding affairs, public relations and government affairs. From September 2021 to February 2025, Mr. Lang served as the senior assistant and partner of healthcare fund of Hony Capital. Since February 2025, Mr. Lang serves as the general manager and managing partner of Hony Capital.

Mr. Lang obtained his bachelor's degree in information management and information systems from Dalian University of Technology (大連理工大學) in July 2005 and his master's degree in business and information technology from the University of Melbourne (墨爾本大學) in Australia in December 2007.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed in this document, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, senior management, Controlling Shareholder(s) or substantial shareholders of our Company as of the Latest Practicable Date; (3) did not hold any other major appointment or Directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION 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 January 12, 2026, and (ii) understands his or her obligations as a Director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) he has no past or present financial or other interest in the business of the Company or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

SENIOR MANAGEMENT

The table below sets out certain information regarding our senior management:

Name	Age	Position(s)	Date of joining our Company	Date of appointment as senior management member	Roles and responsibilities	Relationship with other Directors or senior management members
Mr. Li Yuliang (李雨亮) .	45	Chairman of the Board, executive Director and general manager	September 26, 2016	April 10, 2021	Responsible for overall strategic planning of our Company and leading our Board	Spouse of Ms. Wang Hongmei (王紅媚)

Name	Age	Position(s)	Date of joining our Company	Date of appointment as senior management member	Roles and responsibilities	Relationship with other Directors or senior management members
Dr. Daniel Yunlong Du	62	Executive Director, Deputy General Manager and chief medical officer	March 1, 2021	April 10, 2021	Responsible for supervising clinical development strategy and execution, and overall R&D strategy and project planning of our Company	None
Mr. Wu Xing (毋興)	48	Executive Director, Chief Financial Officer, Board Secretary and one of the joint company secretaries	September 26, 2016	April 10, 2021	Responsible for supervising corporate investment and financing activities, overall financial planning, and investor relations management of our Company	None

Mr. Li Yuliang (李雨亮), aged 45, is the chairman of the Board, an executive Director and general manager of our Company. Please refer to "Board of Directors — Executive Directors" in this section for Mr. Li's biography.

Dr. Daniel Yunlong Du, aged 62, is the executive Director, deputy general manager and chief medical officer of our Company. Please refer to "Board of Directors — Executive Directors" in this section for Dr. Du's biography.

Mr. Wu Xing (毋興), aged 48, is the executive Director, chief financial officer, Board Secretary and one of the joint company secretaries of our Company. Please refer to "Board of Directors — Executive Directors" in this section for Mr. Wu's biography.

JOINT COMPANY SECRETARIES

Mr. Wu Xing (毋興), aged 48, is the executive Director, chief financial officer, Board secretary and one of the joint company secretaries of our Company. Please refer to "Board of Directors — Executive Directors" in this section for Mr. Wu's biography.

Ms. Sham Ying Man (岑影文), is one of our joint company secretaries. Ms. Sham is a senior manager of the Company Secretarial Services Division of Tricor Services Limited, a member of Vistra Group.

Ms. Sham has over 25 years of experience in the corporate secretarial field. Ms. Sham currently holds company secretary/joint company secretary positions in other companies listed on the Stock Exchange, including Hilong Holding Limited (海隆控股有限公司) (stock code: 01623.HK), Honma Golf Limited (本間高爾夫有限公司) (stock code: 06858.HK), WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司) (stock code: 02269.HK), BrainAurora Medical Technology Limited (腦動極光醫療科技有限公司) (stock code: 06681.HK), Guming Holdings Limited (古茗控股有限公司) (stock code: 01364.HK), MetaLight Inc. (stock code: 02605.HK), FS.COM Limited (深圳市飛速創新技術股份有限公司) (stock code: 03355.HK) and UISEE Technologies (Beijing) Co., Ltd. (馭勢科技(北京)股份有限公司) (stock code: 01511.HK).

Ms. Sham obtained a bachelor degree in business administration from Lingnan College (now known as Lingnan University) in 1997. She 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, respectively.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various dedicated committees. In accordance with relevant PRC laws, regulations, the Articles and the Hong Kong Listing Rules, we have formed three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Our Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The primary duties of our Audit Committee are to assist our Board in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of our Company, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board. Our Audit Committee consists of three members, namely, Mr. Hu Wei (胡威), Mr. Zhang Qing (張青) and Mr. Na Shuai (那帥). Mr. Hu Wei (胡威) is the chairman of our Audit Committee. Mr. Hu Wei (胡威) possesses the appropriate accounting or related financial management expertise in compliance with the requirements under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of our Audit Committee are to (i) monitor and evaluate the work of the external auditor; (ii) evaluate the implementation of the internal audit system of our Company; (iii) responsible for the communications among the management level of our Company, the internal and external audit; (iv) review and comment on the financial reports of our Company; (v) examine the financial reporting system, risk management and internal control systems of our Company; (vi) make recommendations to our Company on the appointment, re-appointment and removal of the external auditor; (vii) perform daily management duties and implementing control on connected transactions; and (viii) perform such other duties determined by our Board.

Remuneration Committee

Our Company has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the CG Code. Our Remuneration Committee consists of three members, namely, Mr. Lang Xiaofeng (郎曉峰) Mr. Hu Wei (胡威) and Mr. Wu Xing (毋興). Mr. Lang Xiaofeng (郎曉峰) is the chairman of our Remuneration Committee.

The primary duties of our Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

Our Company has established a nomination committee with written terms of reference in compliance with paragraph B.3.1 of the CG Code and Rule 3.27A of the Listing Rules. Our Nomination Committee consists of three members, namely Mr. Na Shuai (那帥), Mr. Lang Xiaofeng (郎曉峰) and Ms. Wang Hongmei (王紅媚). Mr. Na Shuai (那帥) is the chairman of our Nomination Committee.

The primary duties of our Nomination Committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for Directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; (iv) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors; and (v) support our Company's regular evaluation of the Board's performance.

MANAGEMENT PRESENCE IN HONG KONG

Since our headquarters and principal business operations and management of our Company are carried out in China, our executive Directors are based in China to better manage and attend to our Company's business operations. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Pursuant to Rule 19A.15 of the Listing Rules, we [have applied] to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. For details, please refer to the section headed "Waivers From Strict Compliance with the Hong Kong Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Management Presence in Hong Kong" in this document.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal procedures of our Company so as to achieve effective accountability and are committed to ensure the lawful, ethical and responsible operation of our Company's businesses. Our Company has adopted the code provisions stated in the CG Code, with internal compliance policies in place which set out our compliance requirements so as to ensure consistency with the code provisions stated in the CG Code.

Our Company is also committed to the view that our Board should include a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as the deviation from the code provision C.2.1 of Part 2 of the CG Code disclosed below, our Directors were not aware of any deviation from the code provisions of the CG Code as well as the Corporate Governance Guidance for Boards and Directors.

Mr. Li is the chairman of our Board and the general manager of our Company and he has been responsible for overall strategic planning of our Company and leading our Board since September 2016. Our Directors consider that vesting the roles of the chairman of our Board and the general manager of our Company in Mr. Li is beneficial to the management and business development of

our Company and will provide a strong and consistent leadership to our Company. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager at a time when it is appropriate and suitable by taking into account the circumstances of our Company as a whole.

Board Diversity Policy

Our Board has adopted a Board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, experience (professional or otherwise), independence, knowledge and length of service and any other factors that our Board may consider relevant and applicable from time to time. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Directors, ranging from 38 years old to 62 years old, have a balanced mix of knowledge, skills and experience. They obtained degrees in various majors and possessed various working experience, including overall management and strategic development, business and risk management, and finance and accounting experience. The presence of female member in our management, namely Ms. Wang, contributes to the gender diversity of our management team and offers us valuable strategic, management and operational insights from female perspective. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board level.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [**REDACTED**], our Nomination Committee will review our Board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our Board diversity policy in our corporate governance report on an annual basis.

Taking into account our existing business model and specific needs as well as the different background and abilities of our Directors, our Directors are of the view that the current composition of our Board satisfies the principles under our Board diversity policy.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of Directors' fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments. The aggregate remuneration (including Directors' fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) to our Directors for the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026 was RMB14.1 million, RMB17.8 million and RMB18.7 million, respectively. Save as disclosed above, no other amounts had been paid or were payable by any member of our Company to our Directors during the Track Record Period.

The aggregate amount of Directors' fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments to our five highest paid individuals, excluding two, two and two Directors for the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026 was RMB6.5 million, RMB8.0 million and RMB6.5 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. There was no arrangement under which our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including Directors' fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) of our Directors for the year ending December 31, 2026 is estimated to be no more than RMB37.8 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the [**REDACTED**], will receive recommendation from our Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Company.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

Set out below are interests of our Directors in businesses which may compete with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules as of the Latest Practicable Date:

Disclosable interest of Mr. Li

As of the Latest Practicable Date, Mr. Li held certain interest in other healthcare companies. For details, please refer to the section headed "Relationship with Our Controlling Shareholders" in this document.

Disclosable interest of Dr. Han

As of the Latest Practicable Date, Dr. Han held certain non-executive directorships and minority shareholdings in other healthcare companies. Dr. Han serves as a non-executive director in BroadenBio Co., Ltd. (北京伯匯生物技術有限公司) ("**BroadenBio**") and Yikun Xingjian Biomedical (Shanghai) Co., Ltd. (宜坤行健生物醫藥(上海)有限公司) ("**Yikun Xingjian**") (BroadenBio and Yikun Xingjian are collectively referred as "**Lapam-Invested Entities**") by virtue of Dr. Han's position as a member of the investment committee at Lapam Group. Besides, Dr. Han is a shareholder of less than 5% of Zhejiang Ruizhen Pharmaceutical Co., Ltd. (浙江瑞臻醫藥有限公司) ("**Zhejiang Ruizhen**"), is a company primarily engaged in research and development of oncology.

As confirmed by Dr. Han, despite Dr. Han (i) serves as a non-executive director in these Lapam-Invested Entities and (ii) holds less than 5% shareholding interest in Zhejiang Ruizhen, he is not involved in the day-to-day management of the any of the Lapam-Invested Entities and thus is unable to exert control on any of these companies. As a member of the investment committee at Lapam Group, Dr. Han is only a passive investor in the Lapam-Invested Entities. Further, he is not involved in the management and investment decision-making of Lapam-Invested Entities and Zhejiang Ruizhen, and he has no control over the composition of the board of directors of these companies, and is not involved in the daily management and operation of the above investee companies. In addition, to ensure proper separation of duties and prevent the flow of sensitive information between the biotechnology companies, a group-level "Chinese Wall" policy has been developed to incorporate objectives and principles to identify and manage actual or potential conflicts of interests which may arise between the Company's interests and Dr. Han's involvement in the other biotechnology companies, while allowing oversight of the Board by the Company. The Chinese Wall protocol generally prohibits the unauthorized sharing of non-public, confidential and sensitive information between us and the relevant biotechnology companies, subject to limited necessary specified exceptions on a strict need-to-know basis. To avoid potential conflicts of

interest and to ensure that the advice provided by Dr. Han and adopted by our Company will be in the best interest of our Company and the Shareholders as a whole, the advice provided by Dr. Han will be scrutinized independently by our Company and all major decisions will be made in consultation with members of our Board, including our independent non-executive Directors who will offer independent advice to our Board. Given that Dr. Han is not one of our Controlling Shareholders, the Directors are of the view that his interest in such companies would not render us incapable of carrying on our business independently from the other companies in which he may hold directorships or shareholding from time to time.

Save for Mr. Li and Dr. Han's respective interests in the above entities and save as disclosed in this document, as of the Latest Practicable Date, no Controlling Shareholder, Director or any of their respective close associates had any interest in any other business apart from the business operated by our Company, which competes, or is likely to compete, either directly or indirectly, with the business of our Company and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Hong Kong Listing Rules, we have appointed Patrons Capital Limited as our compliance adviser to provide advisory services to our Company. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, it is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues, sales or transfers of treasury shares and share repurchases;
- where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this document; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or [**REDACTED**] of the Share securities, the possible development of a false market in this Shares, or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules.

The term of the appointment shall commence on the [**REDACTED**] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Li was entitled to exercise the voting rights attached to approximately 43.22% of the total issued share capital of our Company, among which, (i) Mr. Li (in his personal capacity) was interested in approximately 29.16% of our total issued share capital, and (ii) controlled approximately 14.06% of the voting rights of our Company through Chifeng Qingxi and Chifeng Mingquan, which held approximately 10.41% and 3.65% of our Shares, respectively.

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), Mr. Li, directly and indirectly through Chifeng Qingxi and Chifeng Mingquan, will hold and be entitled to exercise the voting rights attached to Shares representing approximately [**REDACTED**]% of the issued share capital of our Company. Accordingly, Mr. Li, Chifeng Qingxi and Chifeng Mingquan are our Controlling Shareholders upon [**REDACTED**].

Mr. Li is also our chairman of the Board, an executive Director and general manager of our Company. For further information of Mr. Li, see "Directors and Senior Management — Board of Directors." Chifeng Qingxi and Chifeng Mingquan serve as our employee shareholding platforms. For details, see "History, Development and Corporate Structure — Employee Shareholding Platforms."

Pursuant to the limited partnership agreements of Chifeng Qingxi and Chifeng Mingquan and applicable laws, the general partner, Mr. Li, possesses exclusive management and decision-making authority over Chifeng Qingxi's and Chifeng Mingquan's daily operations, investment activities, and key matters, while their limited partners, regardless of their interests in Chifeng Qingxi and Chifeng Mingquan, are merely passive investors with no right to participate in daily management or decision-making. In practice, the limited partners of Chifeng Qingxi and Chifeng Mingquan only enjoy limited rights which are irrelevant to the daily operation (e.g., information rights), and have never participated in any decision-making or management activities, including but not limited to the formulation of partnership operation plans and the appointment of management personnel. Accordingly, Mr. Li, as the general partner, exercises sole control over Chifeng Qingxi and Chifeng Mingquan.

DELINEATION OF BUSINESS

Founded in 2016, we are a biotech company focusing on the field of immune-inflammation diseases with locally-delivered targeted therapies. We specialize in chronic inflammatory disease treatment, aiming to provide effective solutions that achieve efficacy, safety and long-term patient satisfaction. For further details, please refer to the section headed "Business" of this document.

Mr. Li is the chairman of the Board, an executive Director, general manager and one of the Controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Li was the controlling shareholder of Chifeng Saliont, a company primarily engaged in pharmaceutical wholesale and pharmaceutical manufacturing, including: (1) production and wholesale of generic drugs; and (2) providing contract manufacturing services (CMO business) to innovative pharmaceutical companies, encompassing the synthesis of active pharmaceutical ingredients (APIs) and the processing of finished drug products.

Despite Mr. Li is the controlling shareholder of Chifeng Saliont, the Company is of the view that (i) any potential competition between the Company and Chifeng Saliont is not and is unlikely to be significant, and (ii) Mr. Li is capable of avoiding any actual and potential conflicts of interest for the following reasons:

- *Different business model*: Our Company is an innovation-driven biotech company focused on the R&D of novel small-molecule drugs. In contrast, as advised by Mr. Li, Chifeng Saliont primarily operates as a service provider and supplier within the

pharmaceutical sector, with core activities in active pharmaceutical ingredient (API) synthesis, formulation processing, and the sale of conventional and generic drugs. Further, according to Frost & Sullivan, innovative small-molecule drugs and generic drugs represent fundamentally different product categories with distinct commercial and regulatory pathways. They generally do not compete in the marketplace until the relevant patents for the innovative drug expire.

- *Different technological capability*: Our Company's success is dependent on our R&D capabilities dedicated to creating novel therapies. In contrast, as advised by Mr. Li, Chifeng Saliont's core expertise and revenue are derived from pharmaceutical production and manufacturing, focusing on processes for API synthesis, formulation, and the commercial-scale production of generic drugs. This differentiates us, as a research-oriented biotech entity, from Chifeng Saliont, a manufacturing-focused pharmaceutical producer. As confirmed by Frost & Sullivan, given that we have different technological capability and have different market positions, it is unlikely for Chifeng Saliont to compete with our Company.

- *Different clinical application of our products*: Our R&D pipeline is dedicated to addressing medical needs through therapies targeting specific clinical applications in fields such as dermatology. While material revenue of Chifeng Saliont during the Track Record Period was derived from generic drug products targeting general therapeutic areas such as fever, pain relief, and cardiovascular management. These include (i) Compound Aminopyrine Phenacetin Tablets (for fever and mild to moderate pain) and (ii) Rosuvastatin Calcium Tablets (for treatment of hyperlipidemia).

- *Different target customer base*: In view of the different business model and clinical application of products as discussed above, our primary route to market and target customers are prescription-driven hospital core departments. In contrast, Chifeng Saliont's major products are primarily distributed via a retail-based, over-the-counter (OTC) model, and its target customer group consists of external distributors, wholesale agents, pharmacy chains, and retail outlets.

- Mr. Li has irrevocably confirmed that insofar as he has interest in Chifeng Saliont whether as Controlling Shareholder or otherwise, he shall abstain from voting as the Director if any conflict of interest or duty arises from the Company's transactions with Chifeng Saliont. Furthermore, Mr. Li is aware of his fiduciary duties as Directors which require that they must, among other things, act in good faith for the benefit of the Company, and avoid actual conflicts between his personal interests (for instances, as the controlling shareholder of Chifeng Saliont) and the interests of the Company. In particular, if Mr. Li has material interests, he shall make full disclosure in respect of matters that conflict or potentially conflict with the interest of the Company and absent himself from the Board meetings on matters in which he or his close associates might have a material interest.

Besides, as of the Latest Practicable Date, Mr. Li had direct and/or indirect interest in each of the following companies:

(i) Chifeng Fukang Investment Management Co., Ltd. (赤峰福康投資管理有限公司), a company primarily engages in investment and operations within the comprehensive health business sector.

(ii) Chifeng Meinian Healthcare Management Co., Ltd. (赤峰美年大健康健康管理有限公司), a company primarily engages in body check and consulting services.

(iii) Chifeng Ciming Healthcare Management Co., Ltd. (赤峰慈銘健康管理有限公司), a company primarily engages in body check and consulting services.

(iv) Chifeng Jinfu Real Estate Development Co., Ltd. (赤峰晉福房地產開發有限公司), a company primarily engages in the wellness-integrated real estate business.

(v) Chifeng Qinghe Hospital (赤峰清河醫院), a private secondary general hospital specializing in chronic disease rehabilitation services.

(together with Chifeng Saliont, collectively, "**Excluded Companies**")

The details of core business, overlap of top five customers and suppliers with the Company, and sharing of entities, business, personnel, premises, facilities and other resources with the Company, of the Excluded Companies are set out as follows:

Entity	Industry	Core Business	Overlap of Top Five Customers and Suppliers with the Company	Sharing of Entities, Business, Personnel, Premises, Facilities and Other Resources with the Company
Company	Immune-inflammation biotech	Chronic inflammatory disease treatment	N/A	N/A
Chifeng Fukang Investment Management Co., Ltd. (赤峰福康投資管理有限公司) .	Investment	Investment within the comprehensive business sector	No	No
Chifeng Meinian Healthcare Management Co., Ltd. (赤峰美年大健康健康管理有限公司)	Body check	Body check and consulting	No	No
Chifeng Ciming Healthcare Management Co., Ltd. (赤峰慈銘健康管理有限公司) .	Body check	Body check and consulting	No	No
Chifeng Jinfu Real Estate Development Co., Ltd. (赤峰晉福房地產開發有限公司)	Real-estate	Wellness-integrated real estate investment	No	No
Chifeng Qinghe Hospital (赤峰清河醫院)[(1)]	Hospital	Private general hospital specializing in chronic disease rehabilitation	No	No

Note:

(1) Chifeng Qinghe Hospital (赤峰清河醫院) has not performed, and is not currently performing, any clinical trials for or related to those of the Company, including investigator initiated trials, bioequivalence studies relating to the Company's generic drug candidates, or any other form of pre-clinical or clinical research.

As confirmed by Mr. Li, apart from Chifeng Saliont, each of the Excluded Companies controlled by Mr. Li did not have business relationship with our Company during the Track Record Period. Further, the core business of the Excluded Companies did not form part of our principal business and there is no overlap as to the industry, top five customers and suppliers between our Company and the Excluded Companies. Separately, our Company and the Excluded Companies do not share any entities, business, personnel, premises, facilities and other resources. The Excluded Companies have been managed by different teams of senior management independently from the senior management of our Company. Accordingly, the Directors are of the view that it would be commercially justifiable to exclude the above companies from our Company as there is a clear delineation of business between the Excluded Companies and our Company.

As such, our Directors are of the view that the potentially competing interests of Mr. Li is unlikely to give rise to any material conflict of interest for our Company as a whole.

As of the Latest Practicable Date, save as disclosed above and in the section headed "Directors and Senior Management" of this document, none of our Controlling Shareholders or Directors was engaged or had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's core business which would require disclosure under Rule 8.10 of the Listing Rules. Therefore, our Directors are of the view that the businesses of Mr. Li and our Company is clearly delineated.

Mr. Li, as one of our Controlling Shareholders and Directors, maintains strict independence in the performance of his duties despite having direct or indirect interests in other companies and a hospital. To ensure that Mr. Li exercises his powers and performs his obligations in an independent and objective manner that is in the best interests of the Company and our Shareholders, the Company has established a comprehensive set of governance measures, internal control systems, decision-making protocols and conflict-management mechanisms:

- *Governance Measures*

  The Company has established a sound corporate governance structure in line with the Listing Rules and relevant regulatory requirements, which lays a solid foundation for Mr. Li's independent performance of duties. The Board has formulated a clear division of powers and responsibilities between the Controlling Shareholders, the Board, the management and other internal institutions, explicitly defining the scope of Mr. Li's powers as a Controlling Shareholder and a Director, and prohibiting him from exercising powers beyond the scope prescribed by our Articles of Association and relevant laws.

- *Internal Control Measures*

  The Company has established and improved a comprehensive internal control system covering financial management, business operation, information disclosure and other key areas, which effectively prevents Mr. Li from using his status to interfere with the Company's normal operation and ensures his independent performance of duties. The Company has strict financial internal control systems, including standardized fund management, accounting and financial reporting procedures, which are independently implemented by the financial department and supervised by the Audit Committee, ensuring that financial decisions are made in accordance with rules and free from improper interference. Besides, the Company has formulated internal control rules for key business links such as procurement, sales and investment, clarifying the approval procedures and responsible persons for each link, and requiring Mr. Li to abide by the same approval process as other Directors and senior management when involving relevant business decisions. Separately, the Company has also established a sound information management system, ensuring that information related to the Company's operation and decision-making is accurately, timely and completely disclosed, and that Mr. Li cannot use undisclosed information to seek personal interests.

- *Decision-making Protocols*

The Company has formulated standardized decision-making protocols for the Board, Shareholders' general meetings and other decision-making bodies, ensuring that Mr. Li exercises his decision-making power in an independent, objective and fair manner. For matters that require deliberation and approval by the Board or Shareholders' general meeting, the Company will provide sufficient and accurate information to all Directors and shareholders in advance, including detailed explanations of matters involving Mr. Li's direct or indirect interests, to ensure that Mr. Li and other participants can make decisions based on full information. When a matter involves Mr. Li's conflict of interest (including interests related to other companies and the hospital in which he has direct or indirect interests), Mr. Li shall strictly abide by the recusal system, voluntarily recuse himself from the deliberation and voting of the relevant matter, and shall not participate in or interfere with the decision-making process. The decision-making process of the Board and Shareholders' general meeting is recorded in detail, including the opinions of each participant, and the minutes are signed and confirmed by all Directors or Shareholders present, ensuring the traceability and transparency of the decision-making process.

- *Conflict-management Mechanisms*

To effectively manage and resolve potential conflicts of interest between Mr. Li's position as our Controlling Shareholder and Director and his interests in other companies and the hospital, the Company has established a sound conflict-management mechanism. The Company has formulated a conflict of interest management policy, which clearly defines the scope of conflicts of interest, the reporting procedures, the recusal rules and the handling methods. Mr. Li is required to truthfully disclose all his direct or indirect interests in other companies and the hospital to the Board and the Company's secretary on a regular basis and in a timely manner when there is any change. For any identified potential conflict of interest, the Audit Committee will conduct an independent review, evaluate the impact of the conflict on the Company's interests, and put forward corresponding handling suggestions, which will be submitted to the Board for deliberation and approval. The Company will regularly review and update the conflict of interest management policy and the disclosed interests of Mr. Li, and strengthen the supervision and inspection of the implementation of the conflict-management mechanism to ensure that all potential conflicts of interest are effectively managed and resolved, and that Mr. Li's performance of duties is always in the best interests of the Company and our Shareholders.

INDEPENDENCE FROM OUR 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 and his close associates after the [**REDACTED**].

Operational Independence

Although our Controlling Shareholders will retain a substantial interest in our Company after the [**REDACTED**], we have full rights to make all decisions regarding, and to carry out, our own business operations independently. We have registered the relevant intellectual property rights relating to relevant technologies of our business and our product. We hold the licenses and qualifications necessary to carry on our current business, and have sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders and their respective close associates.

In addition, our organizational structure is made up of individual departments, comprising, amongst others, different functions, including, early R&D center, CMC center, preparation center, clinical research and development center, production quality center, finance center, etc. Each department takes specific areas of responsibility in our Company's operations. We have also established a set of internal control measures to facilitate the effective operation of our business.

Save as disclosed in the section headed "Continuing Connected Transaction" in this document, our Directors do not expect that there will be any significant transaction between our Company and our Controlling Shareholders upon or shortly after the [**REDACTED**].

Based on the above, our Directors are satisfied that we had been operating independently from our Controlling Shareholders and their close associates during the Track Record Period and will continue to operate independently.

Management Independence

The day-to-day management of the business of our Company rested primarily with our Board and our senior management as at the Latest Practicable Date. Our Board comprises four executive Directors, one non-executive Director and four independent non-executive Directors. Mr. Li is the chairman of the Board, an executive Director and general manager of our company.

Although Mr. Li is an executive Director, our management and operational decisions are made by all our executive Directors and senior management, most of whom have served our Company for a long time and all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. The balance of power and authority is ensured by the operation of the senior management and our Board. See "Directors and Senior Management" for further details.

Each of our Directors is aware of his fiduciary duties as a director which require, among others, that he must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a director and his personal interests. Further, we believe our independent non-executive Directors are all well-educated with extensive experience in different professions and they have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. We believe our independent non-executive Directors will bring independent judgement to the decision-making process of our Board.

In addition, our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which any of their close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting. In case Mr. Li is required to abstain from voting at the Board meeting due to potential conflict of interest, the rest of our Board (particularly our independent non-executive Directors) will be able to form a quorum and will ensure that the decisions of our Board are made after due consideration of independent and impartial opinions.

Our Company has also established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. Save as disclosed in "Continuing Connected Transaction," our Directors do not expect that there will be any significant transactions between our Company and our Controlling Shareholders upon or shortly after the [**REDACTED**].

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Company independently notwithstanding that Mr. Li is the chairman of the Board, an executive Director and general manager of our Company.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Company had our own internal control, accounting and financial management system and we make financial decisions according to our own business needs.

Our Directors confirm that, as at the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our Controlling Shareholders and/or their respective close associates to our Company.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their close associates.

NON-COMPETITION UNDERTAKING

Mr. Li has signed a non-competition undertaking on January 21, 2026 in favor of our Company (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, Mr. Li has irrevocably undertaken that he would not and will procure that his associates would not, directly or indirectly, whether as principal or agent, either on their own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is or may be in competition with the business of our Company from time to time including without limitation immune-inflammation and R&D of novel small-molecule drugs (the "**Restricted Business**"). The Non-competition Undertaking is enforceable under the PRC laws.

The above undertaking does not apply where:

(i) Mr. Li and/or his associates hold, directly or indirectly, any equity interests in any companies listed on an accepted stock exchange other than our Company, and such companies are not engaged in the Restricted Business;

(ii) Mr. Li and/or his associates hold any equity interests in any company other than our Company, except that:

  (a) according to the latest audited accounts of the company, the Restricted Business in which the company is engaged (and its related assets) accounts for less than 10% of the consolidated sales or consolidated assets of the company; and

  (b) the total number of shares held by Mr. Li and/or his associates account for no more than 5% of the shares of the same class issued by the relevant company, and Mr. Li and/or his associates have no right to appoint most of the Directors of the company;

(iii) any opportunity to invest, participate, be engaged in and/or operate any Restricted Business has first been offered or made available by Mr. Li, and his related parties to us, and after decision by the Company, has been declined in writing or failed to respond within thirty (30) working days (the notification period could be extended to sixty (60) working days if requested by us) after being notified of such opportunity to invest, participate, be engaged in or operate the Restricted Business.

Pursuant to the Non-competition Undertaking, the above restrictions would only cease to have effect upon the earlier of: (i) the H Shares of our Company cease to be [**REDACTED**] on the Stock Exchange; and (ii) Mr. Li ceases to be a Controlling Shareholder.

Option for New Competing Business Opportunities

Mr. Li has undertaken in the Non-competition Undertaking that if Mr. Li and his associates become aware of, have received notice about, are recommended or provided with new business opportunities which will or may directly or indirectly compete with the Restricted Business, including but not limited to the opportunities which are the same as or similar to the Restricted Business (the "**New Competing Business Opportunities**"), Mr. Li shall refer or recommend, and shall procure his associates to refer or recommend, the New Competing Business Opportunities to our Company subject to relevant laws, requirements or contractual arrangements with third parties in accordance with the following:

(i) Mr. Li shall provide our Company with a written notification which includes all reasonable and necessary information known to Mr. Li and his associates (including but not limited to the nature of the New Competing Business Opportunities and necessary information relating to the cost of the relevant investment or acquisition) for our Company to consider (a) whether the New Competing Business Opportunities constitute competition or potential competition to the Restricted Business; and (b) whether engaging in such New Competing Business Opportunities would be in the best interests of our Company (the "**Offer Notice**"); and

(ii) The Company shall respond to Mr. Li and/or his associates within thirty (30) working days upon receipt of the Offer Notice (the notification period could be extended to sixty (60) working days if requested by us). If our Company fails to reply to Mr. Li and/or his associates within the above period, it shall be deemed to have abandoned the New Competing Business Opportunities. If our Company determines to take up the New Competing Business Opportunities, Mr. Li and/or his associates would be obligated to offer such New Competing Business Opportunities to our Company.

Pre-emptive Right

Mr. Li has undertaken that if Mr. Li and/or his associates intend to transfer, sell, lease or license concession to a third party any businesses engaged in by Mr. Li and/or his associates which competes or may compete with the Restricted Business or any other businesses which would cause direct or indirect competition with the Restricted Business, Mr. Li shall offer our Company such opportunity with a pre-emptive right on equal terms subject to the relevant laws, regulations and contractual arrangements with third parties in accordance with the following:

(i) Mr. Li and/or his associates shall provide the Company with written notice no later than the time of any such disposal (the "**Disposal Notice**"). For the avoidance of doubt, Mr. Li and/or his associates are entitled to provide information and/or a Disposal Notice relating to such disposal to any third parties at the same time as or after providing the Disposal Notice to the Company;

(ii) The Company shall reply to Mr. Li and/or his associates in writing by whichever is the later of the thirtieth (30th) working day after receipt of the Disposal Notice (the notification period could be extended to sixty (60) working days if requested by us) or the expiration of the period offered to third parties for them to reply in writing, before exercising the pre-emptive right;

(iii) If the Company intends to take up such pre-emptive right, the terms shall be determined with reference to fair market price; and

(iv) Mr. Li and/or his associates shall not dispose of such businesses and interests to any third parties unless (a) the Company declines to purchase such businesses and interests in writing; (b) the notice of exercising such pre-emptive right has not been received by Mr. Li and/or his associates from the Company by whichever is the later of the thirtieth

(30th) working day after receipt of the Disposal Notice (the notification period could be extended to sixty (60) working days if requested by us) and the expiration of the period offered to third parties for them to reply; or (c) the Company fails to offer Mr. Li and/or his associates the same or more favorable terms of acquisition than those offered by any third parties to Mr. Li and/or his associates.

For the avoidance of doubt, the terms of disposal offered by Mr. Li and/or his associates to any third parties shall not be more favorable than those to be offered to the Company.

Option for Purchase

To the extent that no relevant laws and regulations are breached and agreements with third parties are complied with, the Company is entitled to acquire any businesses operated by Mr. Li and/or his associates which compete or may compete with the Restricted Business or have the option to acquire any businesses or any interests engaged in by Mr. Li and/or his associates through the abovementioned New Competing Business Opportunities (the "**Option for Purchase**"). The Company is entitled to exercise the Option for Purchase, whether singly or separately, at any time, Mr. Li and/or his associates shall offer the Option for Purchase to the Company on the condition that the commercial terms of a proposed acquisition shall be arrived at solely by a committee consisting of our independent non-executive Directors after consulting the views of independent experts. Furthermore, such commercial terms shall be based on negotiation between the parties involved in line with the normal commercial practice of the Company, and shall be fair, reasonable and in the interests of the Company as a whole through the negotiation with Mr. Li and his associates.

However, if a third party has the pre-emptive right in accordance with applicable laws and regulations and/or a prior legally binding document (including, but not limited to, articles of association and/or shareholders' agreements), the Company's Option for Purchase shall be subject to such third-party rights. In such case, Mr. Li and/or his associates will use their best efforts to persuade the third party to waive its pre-emptive rights.

Further Undertakings

Mr. Li has further undertaken that, subject to relevant laws, regulations or contractual arrangements with third parties: (i) at the request of the Company, he shall provide, and shall procure that his associates will provide, any necessary information for the implementation of the Non-competition Undertaking; (ii) he shall allow the authorized representatives or auditors of the Company to have reasonable access to the financial and corporate information necessary to their transactions with third parties, which would assist with the judgment of the Company in respect of whether Mr. Li and/or his associates have complied with the Non-competition Undertaking; and (iii) he shall ensure that, within ten (10) working days of receipt of the written request from the Company, necessary confirmation shall be made in writing to the Company as to the performance of the Non-competition Undertaking by Mr. Li and his associates, and the consent of Mr. Li and his associates to allow such confirmation to be included in our annual reports.

In order to monitor ongoing compliance with the Non-competition Undertaking, we adopted the following measures:

(a) provision to our independent non-executive Directors of any Offer Notice or Disposal Notice received within seven working days of receipt;

(b) disclosure in our annual reports of the confirmation by Mr. Li of compliance with the Non-competition Undertaking by him, including that all relevant notices and preemptive offers have been given to us for all relevant business opportunities; and

(c) disclosure in our annual reports of the findings of our independent non-executive Directors on each Offer Notice or Disposal Notice received, and the basis of their decision(s) (where applicable).

In case of potential breach of the Non-competition Undertaking by Mr. Li, we will implement a set of five-step procedures, namely identification and reporting of potential breaches, preliminary investigation and evidence collection, formal review and determination, targeted handling of confirmed breaches, and follow-up supervision and standardized documentation, to require Mr. Li to fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach of the Non-competition Undertaking.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Hong Kong Listing Rules. In particular, our Articles of Association provide that a Director shall not vote on any resolution in which such Director has a material interest in the company involved, and if the laws and regulations and the rules of the stock exchange where our Shares are listed imposed any further restrictions on directors' attendance at board meetings and voting, such laws, regulation and rules shall be complied with;

- we have established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if we enter into connected transactions with any of our Controlling Shareholders or their associates, our Company will comply with the applicable Hong Kong Listing Rules;

- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our [**REDACTED**] Shareholders. Details of our independent non-executive Directors are set out in "Directors and Senior Management — Board of Directors — Independent Non-executive Directors;"

- in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Company on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements; and

- we have appointed Patrons Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Hong Kong Listing Rules including various requirements relating to directors' duties and corporate governance.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, the following persons will have an interest or a short position in our Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the Shareholders' meeting of our Company:

		As at the Latest Practicable Date and immediately prior to the [REDACTED]		Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised	
Name of shareholder	**Nature of interest**	**Number of Shares[1]**	**Approximate percentage of interest in our Company[2]**	**Number of Shares[1]**	**Approximate percentage of interest in our Company[3]**
Mr. Li[4]	Beneficial owner	56,043,356	29.16%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation	27,017,544	14.06%	[REDACTED]	[REDACTED]%
Ms. Wang[5]	Interest of spouse	56,043,356	29.16%	[REDACTED]	[REDACTED]%
Chifeng Qingxi[4]	Beneficial owner	20,000,000	10.41%	[REDACTED]	[REDACTED]%
Chifeng Mingquan[4]	Beneficial owner	7,017,544	3.65%	[REDACTED]	[REDACTED]%
Dr. Du[4]	Interest in controlled corporation	20,000,000	10.41%	[REDACTED]	[REDACTED]%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 192,170,424 Shares in issue as at the Latest Practicable Date.

3. The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**].

4. As of the Latest Practicable Date, Chifeng Qingxi and Chifeng Mingquan were managed by their general partner Mr. Li. Chifeng Qingxi was owned as to 40% by Dr. Du. As such, each of Mr. Li and Dr. Du, an executive Director, is deemed under the SFO to be interested in the 20,000,000 Shares held by Chifeng Qingxi and Mr. Li is deemed under the SFO to be interested in the 7,017,544 Shares held by Chifeng Mingquan.

5. Ms. Wang the spouse of Mr. Li and is deemed to be interested in the Shares held by Mr. Li under the SFO.

Save as disclosed above and in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the Shareholders' meeting of our Company.

This section presents certain information regarding the share capital of our Company following the completion of the [**REDACTED**].

IMMEDIATELY BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB96,085,212 divided into 192,170,424 Domestic Shares with a nominal value of RMB0.5 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and the conversion of certain Domestic Shares into H Shares, assuming that the [**REDACTED**] are not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
Domestic Shares in issue	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
H Shares converted from Domestic Shares	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

* Any discrepancies in the table between the total shown and the sum of the amounts listed are due to rounding.

Immediately following completion of the [**REDACTED**] and the conversion of certain Domestic Shares into H Shares, assuming the [**REDACTED**] are fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital*
Domestic Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
H Shares converted from Domestic Shares	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

* Any discrepancies in the table between the total shown and the sum of the amounts listed are due to rounding.

RANKING

Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Domestic Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] or [**REDACTED**] between legal or natural persons of the PRC. Domestic Shares and H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. The Company shall distribute profits in the form of cash, shares, or a combination of cash and shares, or through other methods permitted by applicable laws, administrative regulations, departmental rules, normative documents, and securities regulatory rules of the stock exchange where the shares are listed.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

The Company has filed for a "full circulation" of the existing [**REDACTED**] Domestic Shares into H Shares on a one-for-one basis, and submitted the application reports, authorization documents of the shareholders of Domestic Shares for which an H-share "full circulation" are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC. The relevant filings of the conversion of the existing [**REDACTED**] Domestic Shares held by the existing Shareholders into H Shares on a one-for-one basis have been completed on [●].

Upon completion of the [**REDACTED**], if any of our Shares are not [**REDACTED**] or [**REDACTED**] on any stock exchange, the holders of our Domestic Shares (other than those to be converted to H Shares) may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have completed the required filing with the securities regulatory authorities of the State Council, including the CSRC. The [**REDACTED**] of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange.

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our initial [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior [**REDACTED**] for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the Stock Exchange. Any [**REDACTED**] for [**REDACTED**] of the converted Shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares will be withdrawn from the Share register and we will re-register such Shares on our [**REDACTED**] and instruct the [**REDACTED**] to issue [**REDACTED**]. Registration on our [**REDACTED**] will be on the condition that (a) our [**REDACTED**] lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [**REDACTED**] and the due despatch of [**REDACTED**] and (b) the admission of the H Shares to [**REDACTED**] on the Stock Exchange will comply with the Listing Rules and the [**REDACTED**] and the [**REDACTED**] in force from time to time. Until the converted Shares are re-registered on our [**REDACTED**], such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**]. Shares transferred by our Directors and members of the senior management each year during their tenure determined at the time of taking office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons hold in our Company cannot be transferred within one year from the [**REDACTED**], nor within half a year after they leave their positions as Directors or members of the senior management in our Company. For more details, please refer to "Appendix V — Summary of the Articles of Association" and "[**REDACTED**]" for details of the lock-up undertakings.

SHAREHOLDERS' MEETING

For details of circumstances under which our Shareholders' meeting is required, see "Appendix IV — Summary of Principal Laws and Regulations" and "Appendix V — Summary of the Articles of Association."

[**REDACTED**] SHARE INCENTIVE PLAN

We adopted the [**REDACTED**] Share Incentive Plan, details of which are set forth in "Appendix VI — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 4. [**REDACTED**] Share Incentive Plan."

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to 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》) announced by the CSRC, the domestic shareholders of our Shares that are not listed on the overseas stock exchange shall handle share transfer registration business in accordance with the relevant business rules of the CSDC. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDC of such shares involved in the application is completed.

You should read the following discussion and analysis in conjunction with the Accountants' Report included in Appendix I to this document, together with the respective accompanying notes. Our historical financial information has been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us 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, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

Founded in 2016, we are a biotech company focusing on the field of immune-inflammation diseases with locally-delivered targeted therapies. We specialize in chronic inflammatory disease treatment, aiming to provide effective solutions that achieve efficacy, safety and long-term patient satisfaction.

We currently have no products approved for commercial sale and therefore had not generated any revenue from product sales during the Track Record Period. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our loss for the year/period was RMB178.5 million, RMB141.1 million, RMB49.4 million and RMB77.5 million, respectively. Such losses resulted primarily from our significant research and development expenses and general and administrative expenses.

We expect to incur significant expenses and record net losses for at least the next several years as we continue to advance our clinical development and pre-clinical research plans, prepare for the commercialization of our Core Product or other drug candidates, and recruit talents necessary to operate our business. Subsequent to the [**REDACTED**] and the [**REDACTED**], we also expect to incur costs and expenses associated with operating as a public company. Our financial performance may fluctuate from period to period due to, among other factors, the development progress of our drug candidates, regulatory approval timeline, and commercialization of our drug candidates after approval.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the IFRS Accounting Standards. All applicable new and revised IFRS Accounting Standards have been adopted, except for any new and revised accounting standards that are not yet effective for the accounting period beginning on January 1, 2026. Our historical financial information has been prepared under the historical cost basis except for the financial assets measured at fair value through profit and loss and the financial assets measured at fair value through other comprehensive income, which are stated at their fair value. The historical financial information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

General Factors

Our business and operating results are affected by general factors affecting the pharmaceutical industry in which we operate, including but not limited to:

- growth and competition environment of the pharmaceutical market in China and globally;
- market acceptance of JAK inhibitor drugs;
- macroeconomic conditions and the relevant laws, regulations and governmental policies affecting the pharmaceutical and innovative drug industry in China and globally; and
- technology advancements in drug development.

Company Specific Factors

Our Ability to Successfully Develop Our Drug Candidates

Our business and operating results depend on our ability to advance our drug development programs and obtain regulatory approvals for our drug candidates. As of the Latest Practicable Date, we had established a rationally designed and differentiated pipeline consisting of four proprietary drug candidates covering 10 indications, as well as five generic drug candidates. See "Business — Our Product Pipeline" for more information on the development status and plans of our drug candidates.

However, the time required to obtain approvals from the NMPA or other competent regulatory authorities is unpredictable, but it typically takes several years following the commencement of clinical trials. See "Risk Factors — Risks relating to Our Business and Industry — Risks Relating to the Development of Our Drug Candidates and Regulatory Approval" for details of the risks in relation to advancing clinical development and obtaining regulatory approvals for our drug candidates. Whether our drug candidates can demonstrate favorable clinical trial results, and whether we can obtain the requisite regulatory approvals for our drug candidates in time, are pivotal to our business and results of operations.

Our Ability to Successfully Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to commercialize our drug candidates following receipt of regulatory approvals from competent authorities. Once commercialization begins, our business and operating results will largely depend on market acceptance of our products, the sales performance of our commercialized drugs, and our ability to manufacture at a scale sufficient to meet market demand. Successful commercialization will require substantial marketing efforts and related expenses before we are able to generate revenue from product sales. For the early stages of commercialization, we plan to collaborate with experienced industry partners and leverage their established distribution networks and sales and marketing capabilities to facilitate rapid market entry. Over the longer term, we aim to build a dedicated in-house marketing team to strengthen our commercialization capabilities and work in synergy with our partners to enhance the market penetration of our products. Despite our carefully designed commercialization strategy, if our products do not achieve the expected level of market acceptance, we may be unable to generate revenue or achieve profitability as anticipated. See "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to the Commercialization of Our Drug Candidates" for more details of the risks in relation to commercialization of our drug candidates.

Our Ability to Effectively Control Our Costs and Expenses

Our ability to manage and control our costs and expenses is critical to the success of our business. Our operating expenses primarily include research and development expenses and general and administrative expenses. Research and development expenses have been, and are expected to continue to be, a major component in our cost structure. For detailed information on our cost and expenses, see "— Description of Key Components of Our Statements of Profit or Loss and Other Comprehensive Income."

We expect our cost structure to evolve as we continue to develop and expand our business. As the pre-clinical studies and clinical trials for our drug candidates progress and as we move our pipeline products toward commercialization, our research and development expenses, manufacturing-related costs and commercialization investments are expected to increase accordingly. In addition, as we transition into operating as a public company in Hong Kong, we anticipate incurring higher legal, compliance, accounting, insurance, and investor and public relations expenses to meet ongoing regulatory and reporting requirements. These additional obligations will further contribute to the growth of our operating costs. We will continue to optimize our cost-control measures, enhance operational efficiency, and strategically allocate resources to support sustainable business expansion.

Our Ability to Attract and Maintain Strategic Partnerships

Our results of operations have been, and are likely to continue to be, influenced by our strategic collaborations with business partners. For example, we cooperate with CROs during the research and development of our drug candidates, and currently rely on external vendors to produce our active pharmaceutical ingredients (APIs). In addition, we expect to cooperate with external partners on the marketing and promotion of our drug products after they are approved for sale. As we continue to advance our drug candidates through later stages of development and prepare for potential commercialization, our relationship with key business partners may further impact our operating performance, procurement concentration, production flexibility, and overall cost management.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through capital contribution from shareholders and proceeds from bank loans. We expect to fund our future operations primarily with existing cash, income derived from our collaboration and licensing arrangements and [**REDACTED**] from the [**REDACTED**]. Upon the successful commercialization of one or more of our drug candidates, we expect to further complement the funding for our operations with revenue generated from sales of our commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Any material fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Our historical financial information was prepared in conformity with IFRS Accounting Standards. For detailed information on the accounting principles that are material to the preparation and interpretation of our historical financial information, please see Note 2 to the Accountants' Report as set forth in Appendix I to this document.

The preparation of our historical financial information in conformity with IFRS Accounting Standards requires our management to make judgments, estimates and assumptions, which could affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Our management review such estimates and underlying assumptions on an ongoing basis. For details on the significant judgments and estimates and the associated uncertainties, please see Note 3 to the Accountants' Report as set forth in Appendix I to this document.

DESCRIPTION OF KEY COMPONENTS FROM OUR STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year ended December 31,		Four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Other net income	11,220	36,296	860	5,998
(Impairment losses)/reversal of impairment losses on financial assets	(172)	499	(3)	(13)
General and administrative expenses	(40,753)	(46,993)	(13,110)	(27,841)
Research and development expenses	(146,207)	(128,436)	(36,252)	(54,492)
Loss from operations	**(175,912)**	**(138,634)**	**(48,505)**	**(76,348)**
Finance costs	(2,584)	(2,469)	(893)	(1,184)
Loss before taxation	**(178,496)**	**(141,103)**	**(49,398)**	**(77,532)**
Income tax	–	–	–	–
Loss for the year/period	**(178,496)**	**(141,103)**	**(49,398)**	**(77,532)**

Other Net Income

Our other net income consists of government grants received from government authorities, and, to a lesser extent, fair value changes of financial assets measured at fair value through profit or loss and interest income. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our other net income was RMB11.2 million, RMB36.3 million, RMB0.9 million and RMB6.0 million, respectively.

The following table sets forth a breakdown of our other net income for the years/periods indicated:

	For the year ended December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Government grants	9,938	35,493	536	3,902
Fair value changes of financial assets measured at fair value through profit or loss	811	307	107	454

	For the year ended December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Interest income	429	381	102	169
Gain on early termination of lease	–	–	–	1,371
Others	42	115	115	102
Total	**11,220**	**36,296**	**860**	**5,998**

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses primarily consisted of staff costs, share-based payments to our management personnel, and professional service fees relating to our proposed listing on the Beijing Stock Exchange and the [**REDACTED**].

The following table sets forth a breakdown of our general and administrative expenses for the years/periods indicated:

	Year ended December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
Staff costs	18,631	18,243	5,642	6,282
Share-based payments	10,843	9,069	5,244	10,584
Professional service fees	6,013	6,576	774	1,573
Office, travel and hiring expenses	3,626	2,188	778	1,252
Depreciation and amortization	529	2,228	228	980
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	1,111	1,292	444	683
Total	**40,753**	**46,993**	**13,110**	**27,841**

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) outsourced pre-clinical and clinical study expenses, (ii) staff costs, and (iii) share-based payments. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our research and development expenses were RMB146.2 million, RMB128.4 million, RMB36.3 million and RMB54.5 million, respectively, representing 78.2%, 73.2%, 73.4% and 66.2% of our total operating expenses (namely the aggregate of general and administrative expenses and research and development expenses), respectively.

The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	Year ended December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
Outsourced pre-clinical and clinical study expenses	83,179	65,096	16,558	15,128
Staff costs	42,110	36,195	12,643	13,181
Share-based payments	4,936	15,431	3,054	22,428
Depreciation and amortization	3,834	3,755	1,402	614
Others[(1)]	12,148	7,959	2,595	3,141
Total	**146,207**	**128,436**	**36,252**	**54,492**

Note:

(1) Primarily include raw material costs, IP right license fees, and short-term lease payments and property management fees.

For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, the research and development expenses for the Core Product were RMB88.7 million, RMB84.0 million, RMB22.0 million and RMB38.5 million, respectively, representing 60.7%, 65.4%, 60.6% and 70.6% of our total research and development expenses for the same period, respectively, and 47.4%, 47.9%, 44.5% and 46.7% of our total operating expenses, respectively. The following table sets forth the research and development expenses incurred for our Core Product PG-011 during the Track Record Period by indication.

	For the year December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
PG-011 for the indication of:				
Atopic dermatitis	70,112	43,571	13,280	22,812
Seasonal allergic rhinitis	17,693	40,410	8,673	15,647
Other indications	869	–	–	–
Total	**88,673**	**83,981**	**21,953**	**38,459**

Finance Costs

Our finance costs primarily represent the interest expenses incurred on our bank loans and lease liabilities. For the year ended December 31, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our finance costs were RMB2.6 million, RMB2.5 million, RMB0.9 million and RMB1.2 million, respectively. See "— Indebtedness" in this section for further details.

The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year ended December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
		(RMB in thousands)		
Interest on bank loans	2,464	2,117	879	1,052
Interest on lease liabilities	120	352	14	132
Total	**2,584**	**2,469**	**893**	**1,184**

Income Tax

We are subject to enterprise income tax in the PRC at the statutory rate of 25% on taxable profits calculated in accordance with the EIT Law. As an accredited High and New Technology Enterprise, our Company is entitled to a preferential tax rate of 15% for enterprise income tax in the PRC. We are also entitled to an additional tax deduction equal to 100% of our qualified research and development expenses.

During the Track Record Period, we did not pay any income tax as we did not record any taxable profit.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2026 Compared to Four Months Ended April 30, 2025

Other Net Income

Our other net income increased significantly from RMB0.9 million for the four months ended April 30, 2025 to RMB6.0 million for the four months ended April 30, 2026, primarily attributable to an increase in government grants recognize as other income as a result of our advancement in the development of Pumecitinib nasal spray.

General and Administrative Expenses

Our general and administrative expenses more than doubled from RMB13.1 million for the four months ended April 30, 2025 to RMB27.8 million for the four months ended April 30, 2026, primarily reflecting the professional service expenses incurred in connection with the [**REDACTED**] and our increased share-based payment to our management personnel under our 2021 Share Incentive Scheme as a result of the reduction in vesting period in 2026. For details on our 2021 Share Incentive Scheme, see Note 23 to the Accountants' Report.

Research and Development Expenses

Our research and development expenses increased by 50.1% from RMB36.3 million for the four months ended April 30, 2025 to RMB54.5 million for the four months ended April 30, 2026, primarily reflecting our increased share-based payment to our R&D personnel under our 2021 Share Incentive Scheme as a result of the reduction in vesting period in 2026. For details on our 2021 Share Incentive Scheme, see Note 23 to the Accountants' Report.

Finance Costs

Our finance costs increased by 33.3% from RMB0.9 million for the four months ended April 30, 2025 to RMB1.2 million for the four months ended April 30, 2026, primarily due to an increase in our interest-bearing bank loans that we raised to support our operations.

Loss for the Period

Primarily as a result of the foregoing, our loss for the period increased by 56.9% from RMB49.4 million for the four months ended April 30, 2025 to RMB77.5 million for the four months ended April 30, 2026.

2025 Compared to 2024

Other Net Income

Our other net income increased significantly from RMB11.2 million in 2024 to RMB36.3 million in 2025, primarily attributable to the RMB30.0 million government grants we received in 2025 as our Pumecitinib gel for atopic dermatitis entered Phase III clinical trials.

General and Administrative Expenses

Our general and administrative expenses increased by 15.3% from RMB40.8 million in 2024 to RMB47.0 million in 2025, primarily reflecting the [**REDACTED**] expenses incurred in 2025 for the [**REDACTED**].

Research and Development Expenses

Our research and development expenses decreased by 12.2% from RMB146.2 million in 2024 to RMB128.4 million in 2025, primarily attributable to the decrease in research and development expenses relating to the clinical trials for Pumecitinib gel in line with the conclusion of the observation period for its Phase III clinical trial (for the indication of atopic dermatitis) in 2025.

Finance Costs

Our finance costs remained relatively stable at RMB2.6 million in 2024 to RMB2.5 million in 2025.

Loss for the Year

Primarily as a result of the foregoing, our loss for the year decreased by 20.9% from RMB178.5 million in 2024 to RMB141.1 million in 2025.

DISCUSSION OF SELECTED ITEMS FROM OUR STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		As of April 30,
	2024	2025	2026
		(RMB in thousands)	
Non-current assets			
Property and equipment	4,652	3,950	3,695
Right-of-use assets	1,574	16,144	17,405

	As of December 31,		As of April 30,
	2024	2025	2026
		(RMB in thousands)	
Intangible assets	1,823	584	547
Other non-current assets	11,274	15,389	14,925
	19,323	36,067	36,572
Current assets			
Prepayments and other receivables	8,498	7,696	10,140
Financial assets measured at fair value through profit or loss	50,186	–	43,054
Financial assets measured at fair value through other comprehensive income	–	–	40,204
Restricted bank deposits	–	10,000	–
Cash and cash equivalents	189,653	190,837	127,682
	248,337	208,533	221,080
Current liabilities			
Trade and other payables	27,841	50,876	41,863
Amount due to a related party	2,364	202	396
Bank loans	82,000	90,980	116,306
Lease liabilities	1,097	3,967	2,701
	113,302	146,025	161,266
Net current assets	135,035	62,508	59,814
Total assets less current liabilities	154,358	98,575	96,386
Non-current liabilities			
Bank loans	–	44,000	50,395
Lease liabilities	426	13,038	15,090
Other non-current liabilities	–	–	37,736
Deferred income	–	4,208	356
	426	61,246	103,577
NET ASSETS/(LIABILITIES)	153,932	37,329	(7,191)
CAPITAL AND RESERVES			
Share capital	96,085	96,085	96,085
Reserves	57,847	(58,756)	(103,276)
TOTAL EQUITY/(DEFICIT)	153,932	37,329	(7,191)

Our net current assets decreased from RMB135.0 million as of December 31, 2024 to RMB62.5 million as of December 31, 2025, and further decreased to RMB59.8 million as of April 30, 2026, primarily reflecting the cash consumed in our operations and R&D activities in 2025. Our net assets decreased from RMB153.9 million as of December 31, 2024 to RMB37.3 million as of December 31, 2025, and further decreased to net liabilities of RMB7.2 million as of April 30, 2026, primarily due to our net loss incurred for the relevant periods.

Property and Equipment

During the Track Record Period, our property and equipment primarily comprise machinery and equipment relating to the research and development of our drug candidates. The following table sets forth a breakdown of our property and equipment as of the dates indicated:

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
Machinery and equipment	3,982	3,485	3,307
Office equipment and furniture	447	379	316
Leasehold improvements	223	86	72
Total	**4,652**	**3,950**	**3,695**

Our property and equipment decreased from RMB4.7 million as of December 31, 2024 to RMB4.0 million as of December 31, 2025, and further decreased to RMB3.7 million as of April 30, 2026, primarily as a result of depreciation of such assets.

We assess our property and equipment together with other non-financial assets for impairment testing purpose. For details on our accounting policies on impairment testing for property and equipment, please see Note 2(g)(ii) to the Accountants' Report set out in Appendix I to this document. We did not recognize any impairment on property and equipment in the year of 2024 and 2025 and the four months ended April 30, 2026.

Right-of-use Assets

Our right-of-use assets represent our leased properties used as offices and proposed manufacturing facility. Our right-of-use assets increased from RMB1.6 million as of December 31, 2024 to RMB16.1 million as of December 31, 2025, primarily due to our newly leased property in connection with the planned development of our research and manufacturing facilities. Our right-of-use assets increased from RMB16.1 million as of December 31, 2025 to RMB17.4 million as of April 30, 2026, primarily due to an increase in the leased area for our planned research and manufacturing facilities.

We assess our right-of-use assets together with other non-financial assets for impairment testing purpose. For details on our accounting policies on impairment testing for right-of-use assets, please see Note 2(g)(ii) to the Accountants' Report set out in Appendix I to this document. We did not recognize any impairment on right-of-use assets in 2024 and 2025.

Other Non-Current Assets

Our other non-current assets represent our value-added tax recoverable, which is expected to be deducted from future value-added tax payable on our revenue after the commercialization of our drug candidates.

Our other non-current assets increased from RMB11.3 million as of December 31, 2024 to RMB15.4 million as of December 31, 2025, reflecting our cumulative value-added tax paid in connection with our procurements for our operations and research and development activities which is expected to be deducted against the VAT payable on our future sales after the commercialization of our drug candidates. Our other non-current assets decreased from RMB15.4 million as of December 31, 2025 to RMB14.9 million as of April 30, 2026, primarily reflecting the utilization of value-added tax recoverable upon our invoicing of the up-front payment received under the

Pumecitinib Nasal Spray Cooperation Agreement. For details on the Pumecitinib Nasal Spray Cooperation Agreement, please see "Business — Major Collaboration and Licensing Arrangements — Cooperation Agreement with Jumpcan Pharmaceutical."

Financial Assets Measured at Fair Value Through Profit or Loss

Our financial assets measured at fair value through profit or loss represent structured deposits purchased from banks in the PRC with variable interest that we purchased as part of our cash management efforts.

Our financial assets measured at fair value through profit or loss decreased from RMB50.2 million as of December 31, 2024 to nil as of December 31, 2025 due to the maturity and redemption of such financial products. Such assets increased to RMB43.1 million as of April 30, 2026 as a result of our purchase of structured deposits with cash on hand during the four months ended April 30, 2026.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

Our financial assets measured at fair value through other comprehensive income represent certificates of deposit that we invest in as part of our cash management efforts.

As of December 31, 2024 and 2025, our financial assets measured at fair value through other comprehensive income were nil, as we did not invest in any certificates of deposit at the time. As of April 30, 2026, such assets amounted to RMB40.2 million, reflecting our purchase of certificates of deposits during the four months ended April 30, 2026.

We have adopted a prudent approach when investing in financial products. During the Track Record Period and up to the Latest Practicable Date, we mainly invested in financial products with low risks, such as structured deposits, as part of our cash management practice. Our investment in financial products is subject to a cap as approved by our Board, and is determined by our finance department on a case-by-case basis and after due and careful consideration of a number of factors, such as the duration of the investment, the expected returns and our working capital conditions. Our finance department is responsible for the risk assessment, planning and implementation of our investment in wealth financial products.

Upon [**REDACTED**], we may continue our investment in financial products, and will ensure that all such investment comply with the applicable laws and regulations, including the relevant requirements under Chapter 14 of the Listing Rules.

Prepayments and Other Receivables

During the Track Record Period, our prepayments and other receivables consists primarily of our prepayments for CRO services and raw materials. The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		As of April 30,
	2024	2025	2026
		(RMB in thousands)	
Prepayments for CRO services	5,441	3,562	3,095
Prepayments for raw materials	2,205	1,658	2,822
Costs incurred to be deducted from equity in connection with the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Rental deposits	1,563	1,357	1,457
Others	3	–	371

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
Less: loss allowance	(714)	(215)	(228)
Total	**8,498**	**7,696**	**10,140**

Our prepayments and other receivables decreased from RMB8.5 million as of December 31, 2024 to RMB7.7 million as of December 31, 2025, primarily attributable to the de-recognition of prepayments for CRO services in line with the provision of the relevant CRO services by relevant vendors. Our prepayments and other receivables increased to RMB10.1 million as of April 30, 2026, primarily attributable to (i) increases in the costs incurred in connection with our [**REDACTED**] that will be deducted from equity upon the completion of the [**REDACTED**], and (ii) our prepayments for raw materials in line with the progress of the development of our product candidates.

As of May 31, 2026, RMB0.7 million, or approximately 12.2%, of our prepayments for CRO services and raw materials had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB189.7 million as of December 31, 2024 to RMB190.8 million as of December 31, 2025, primarily attributable to cash received upon the maturity of our structured deposits and the proceeds from loan borrowed in 2025. Our cash and cash equivalents decreased to RMB127.7 million as of April 30, 2026, primarily due to our investment in structured deposits and certificates of deposit with our cash on hand during the four months ended April 30, 2026 as part of our cash management efforts.

Trade and Other Payables

Our trade and other payables primarily comprise amounts payable for research and development costs and staff related costs, as well as tax payables and government grants received but not meeting their conditions attached. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
Payables for research and development costs	17,378	23,465	18,497
Government grants[(1)]	–	17,513	17,513
Payables for staff related costs	7,155	6,544	4,619
Payables for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Payables for other taxes	1,052	908	803
Others	2,256	1,495	431
	27,841	**50,876**	**41,863**

Note:

(1) Represents government grants received but not meeting the conditions attached.

Our trade and other payables increased from RMB27.8 million as of December 31, 2024 to RMB50.9 million as of December 31, 2025, primarily attributable to the government grant we received in 2025, for which we have not met the conditions attached. Our trade and other payables decreased to RMB41.9 million as of April 30, 2026, primarily due to our settlement of payables for R&D costs.

The following table sets forth an aging analysis of the payables for research and development costs based on the date of purchase as of the dates indicated:

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
Within 6 months	16,941	16,898	15,153
Over 6 months and within 1 year	342	3,450	1,926
Over 1 year	95	3,117	1,418
	17,378	**23,465**	**18,497**

As of May 31, 2026, RMB5.8 million, or approximately 30.9% of our payables for research and development costs as of April 30, 2026 had been subsequently settled.

Bank Loans

During the Track Record Period, our bank loans were unsecured and unguaranteed and bear annual interest rates ranging from 2.2% to 4.1%.

The following table sets forth the analysis of the repayment schedule of our bank loans as of the dates indicated:

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
Within 1 year or on demand	82,000	90,980	116,306
After 1 year but within 2 years	–	44,000	50,395
Total	**82,000**	**134,980**	**166,701**

Our bank loans increased from RMB82.0 million as of December 31, 2024 to RMB135.0 million as of December 31, 2025, and further increased to RMB166.7 million as of April 30, 2026, as a result of our raising of new loans to fund our R&D activities and business operations.

Lease Liabilities

Our lease liabilities primarily represent our payment obligations under the leases for our offices and proposed manufacturing facility. Our lease liabilities increased from RMB1.5 million as of December 31, 2024 to RMB17.0 million as of December 31, 2025, primarily due to our newly leased property in connection with the planned development of our research and manufacturing facilities. Our lease liabilities increased to RMB17.8 million as of April 30, 2026, primarily due to an increase in the leased area for our planned research and manufacturing facilities.

Deferred Income

Our deferred income represent government grant we received to support our future research and development activities.

Our deferred income increased from nil as of December 31, 2024 to RMB4.2 million as of December 31, 2025, primarily reflecting the government grant we received from relevant authorities in 2025. Our deferred income decreased to RMB0.4 million as of April 30, 2026 as a result of our recognition of such government grant as other income in line with the advancement in our development of Pumecitinib nasal spray.

KEY FINANCIAL RATIO

The following table sets forth our current ratio as of the dates indicated:

	As of December 31,		As of April 30,
	2024	2025	2026
Current ratio[(1)]	2.19	1.43	1.37

Note:

(1) Calculated by dividing our total current assets by our total current liabilities as of the relevant dates.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity consist of cash at banks, which we have historically generated primarily through capital contribution from shareholders and proceeds from borrowings. We expect that our cash needs in the near future will primarily relate to progressing the development of our drug candidates towards initiating various stages of clinical trials, receiving regulatory approval and commencing commercialization, as well as expanding our drug candidate portfolio. For these purposes, we expect debt financing (including bank loans) and the expected [**REDACTED**] from the [**REDACTED**] to constitute our main source of funding. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity that can meet our working capital needs.

The following table sets out a summary of our cash flows for the years/periods indicated:

	Year ended December 31,		Four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Net cash used in operating activities	(159,518)	(94,205)	(28,804)	(9,209)
Net cash (used in)/generated from investing activities	(40,154)	48,585	49,441	(82,716)
Net cash generated from/(used in) financing activities	259,621	46,804	(21,748)	28,770
Net increase/(decrease) in cash and cash equivalents	**59,949**	**1,184**	**(1,111)**	**(63,155)**
Cash and cash equivalents at January 1	129,704	189,653	189,653	190,837
Cash and cash equivalents at December 31/April 30	**189,653**	**190,837**	**188,542**	**127,682**

Cash Flow from Operating Activities

For the four months ended April 30, 2026, we recorded net cash used in operating activities of RMB9.2 million, consisting of loss before taxation of RMB77.5 million and adjustments for (i) non-cash or non-operating expenses or losses, primarily including share-based payment expenses of RMB33.0 million; and (ii) changes in working capital items, including increase in other non-current liabilities of RMB37.7 million, a decrease in restricted bank deposits of RMB10.0 million, a decrease in trade and other payables of RMB8.9 million, and a decrease in deferred income of RMB3.9 million.

For the year ended December 31, 2025, we recorded net cash used in operating activities of RMB94.2 million, consisting of loss before taxation of RMB141.1 million and adjustments for (i) non-cash or non-operating expenses or losses, primarily including share-based payment expenses of RMB24.5 million, depreciation and amortization of RMB6.0 million, and finance costs of RMB2.5 million; and (ii) changes in working capital items, including an increase in trade and other payables of RMB24.6 million, an increase in restricted bank deposits of RMB10.0 million, an increase in deferred income of RMB4.2 million, an increase in other non-current assets of RMB4.1 million, and a decrease in prepayments and other receivables of RMB2.6 million.

For the year ended December 31, 2024, we recorded net cash used in operating activities of RMB159.5 million, consisting of loss before taxation of RMB178.5 million and adjustments for (i) non-cash or non-operating expenses or losses, primarily including share-based payment expenses of RMB15.8 million, depreciation and amortization of RMB4.4 million, and finance costs of RMB2.6 million; and (ii) changes in working capital items, including an increase in other non-current assets of RMB5.7 million, an increase of trade and other payables of RMB4.3 million, and an increase in prepayments and other receivables of RMB2.9 million.

We recorded net operating cash outflows during the Track Record Period, as our product candidates are yet to be approved for commercialization and, as a result, we have not generated any revenue from the sale of products while incurring significant expenditures for the development of our pipeline products. As a clinical-stage biotechnology company, we plan to improve our net operating cash outflow position through the following ways: (i) accelerating the clinical development of our drug candidates and advancing them towards commercialization in the next few years, particularly our Core Product, Pumecitinib; (ii) adopting comprehensive measures to effectively optimize our cost structure and control our operating expenses; (iii) closely monitoring our payables settlement, thereby enhancing working capital management and improving our cash flow positions; and (iv) successfully launching the [**REDACTED**] to obtain the [**REDACTED**].

Cash Flow from Investing Activities

For the four months ended April 30, 2026, our net cash used in investing activities was RMB82.7 million, primarily attributable to payments for purchase of financial assets measured at fair value through profit or loss of RMB369.5 million and for purchase of financial assets measured at fair value through other comprehensive income of RMB40.1 million, which is partially offset by proceeds from redemptions of financial assets measured at fair value through profit or loss of RMB326.9 million.

For the year ended December 31, 2025, our net cash generated from investing activities was RMB48.6 million, primarily attributable to proceeds from redemptions of financial assets measured at fair value through profit or loss of RMB225.5 million, which is partially offset by payments for purchase of financial assets measured at fair value through profit or loss of RMB175.0 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB40.2 million, primarily attributable to payments for purchase of financial assets measured at fair value through profit or loss of RMB228.0 million, which is partially offset by proceeds from redemptions of financial assets measured at fair value through profit or loss of RMB188.7 million.

Cash Flow from Financing Activities

For the four months ended April 30, 2026, our net cash generated from financing activities was RMB28.8 million, primarily attributable to proceeds from bank loans of RMB56.9 million, which is partially offset by cash paid for repayment of bank loans of RMB25.5 million.

For the year ended December 31, 2025, our net cash generated from financing activities was RMB46.8 million, mainly attributable to RMB137.0 million in proceeds from bank loans, partially offset by the repayment of bank loans of RMB84.0 million.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB259.6 million, primarily attributable to RMB216.0 million in capital injection received from equity shareholders and RMB157.0 million in proceeds from bank loans, which were partially offset by repayment of bank loans totaling RMB108.6 million, interest paid for bank loans of RMB2.5 million and principal elements of lease payment of RMB2.2 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years/periods indicated:

	For the Year Ended December 31,		For the four months ended April 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
Costs relating to the R&D of our Core Product				
Outsourced pre-clinical and clinical study expenses	56,538	40,117	14,721	16,886
Staff costs	21,390	22,175	7,542	8,956
Costs of materials and consumables	3,390	888	283	1,188
Others	4,728	3,442	1,741	788
Subtotal	**86,047**	**66,622**	**24,287**	**27,818**
Costs relating to the R&D of our other product candidates				
Outsourced pre-clinical and clinical study expenses	28,116	20,908	6,107	4,047
Staff costs	19,818	14,729	6,040	5,080
Costs of materials and consumables	3,287	1,719	1,003	658
Others	2,414	3,639	1,430	190
Subtotal	**53,634**	**40,995**	**14,580**	**9,975**
Staff costs	17,314	17,350	6,653	7,278
Professional service fees[(1)]	5,290	12,518	1,043	11,485
Office, travel and hiring expenses	2,713	1,788	726	1,339
Others	4,447	4,192	873	3,098
Total	**169,445**	**143,465**	**48,162**	**60,994**

Note:

(1) Primarily represents fees paid for professional services relating to our proposed listing on the Beijing Stock Exchange and the [**REDACTED**].

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of April 30,	As of May 31,
	2024	2025	2026	2026
				(unaudited)
	(RMB in thousands)			
Bank loans	82,000	134,980	166,701	177,088
Lease liabilities	1,523	17,005	17,791	17,849
Total	**83,523**	**151,985**	**184,492**	**194,937**

Bank loans

As of December 31, 2024 and 2025, April 30, 2026 and May 31, 2026 (being the indebtedness date for the purpose of the indebtedness statement), our bank loans amounted to RMB82.0 million, RMB135.0 million, RMB166.7 million and RMB177.1 million, respectively. For detailed information on the changes in our bank loans, see "— Discussion of Selected Items from Our Statements of Financial Position — Bank Loans."

The following table sets forth a breakdown of our bank loans as of the dates indicated:

	As of December 31,		As of April 30,	As of May 31,
	2024	2025	2026	2026
				(unaudited)
	(RMB in thousands)			
Current	82,000	90,980	116,306	116,756
Non-current	–	44,000	50,395	60,332
Total	**82,000**	**134,980**	**166,701**	**177,088**

As of May 31, 2026, we had committed bank facilities of RMB204.5 million, of which RMB27.4 million was unutilized.

Lease Liabilities

As of December 31, 2024 and 2025, April 30, 2026 and May 31, 2026 (being the indebtedness date for the purpose of the indebtedness statement), our lease liabilities amounted to RMB1.5 million, RMB17.0 million, RMB17.8 million and RMB17.8 million, respectively. Our lease liabilities are in relation to properties that we lease primarily for our offices and proposed manufacturing facility.

The following table sets forth the payment schedule of our lease liabilities as of the dates indicated:

	As of December 31,		As of April 30,	As of May 31,
	2024	2025	2026	2026
				(unaudited)
	(RMB in thousands)			
Within 1 year	1,097	3,967	2,701	3,755
After 1 year but within 2 years	284	3,859	3,736	3,722
After 2 years but within 5 years	142	9,179	11,354	10,372
Total	**1,523**	**17,005**	**17,791**	**17,849**

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2024 and 2025, respectively.

Indebtedness Statement

Except as disclosed above, as of May 31, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that, there is no material adverse change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date.

Our Directors have confirmed that there were no material covenants on any of our outstanding debts and that we had no default in repayment or breach of covenants during the Track Record Period and up to the Latest Practicable Date that, in each case, had any material adverse effect on our business operations of financial condition. Our Directors have further confirmed that we did not experience any difficulty in obtaining bank loans and other borrowings or default in repayment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase property and equipment and intangible assets. Historically, we have funded our capital expenditures mainly through capital contribution from shareholders and proceeds from borrowings. The following table sets forth our capital expenditures for the year indicated:

	For the Year Ended December 31,		Four months ended April 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Payments for purchase of property and equipment	437	1,157	163	81
Payments for purchase of intangible assets	827	1,132	791	–
Total	**1,264**	**2,289**	**954**	**81**

We expect that our capital expenditures for the year ending December 31, 2026 will be primarily related to our proposed development of manufacturing facility. We plan to fund our planned capital expenditures mainly through a combination of bank loans and the [**REDACTED**] from the [**REDACTED**]. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As at December 31, 2024, we were committed to enter into a new lease of five years that had not yet commenced, the lease payments under which amounted to RMB3.5 million per annum. Such lease arrangement commenced on July 1, 2025.

As of December 31, 2025 and April 30, 2026, we did not have any material commitments.

FINANCIAL RISK MANAGEMENT

We are exposed to credit, liquidity and currency risks in the normal course of our business. We are not exposed to significant interest rate risk. For details on our management of such financial risks, please see Note 26 to the Accountants' Report.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

For details about our material related party transactions during the Track Record Period, see Note 28 to the audited financial statements set out in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. We currently do not have a pre-determined dividend payout ratio or a formal dividend policy. We currently do not anticipate paying any cash dividends in the foreseeable future. [**REDACTED**] should not [**REDACTED**] our H Shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. Taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the near future. As advised by our PRC Legal Advisor, we are currently prohibited under applicable PRC laws from paying dividends to our Shareholders in light of our accumulated losses.

WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to us, including (i) our existing cash, (ii) available bank facilities, and (iii) the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover 125% of our cash expenditure for at least the next 12 months following the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) capital expenditures for purchases of property and equipment and intangible assets; and (iii) principal and interest payments on lease liabilities. As of April 30, 2026, we had cash and cash equivalents of RMB127.7 million. Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**], we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**]. Assuming an average cash burn rate going forward of 1.3 times the level for the year ended December 31, 2025, we estimate that our cash and cash equivalents as of April 30, 2026 will be able to maintain our financial viability for over [**REDACTED**] months without taking into account the [**REDACTED**] from the [**REDACTED**], or, if taking into account such [**REDACTED**], over [**REDACTED**] months. Our Directors and management team will continue to monitor our working capital, cash flows, and our business development progress.

DISTRIBUTABLE RESERVES

As of April 30, 2026, we did not have any distributable reserves.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] expenses will be approximately HK$[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**]), which account for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in non-[**REDACTED**] fees (which consist of fees and expenses of legal advisors and our Reporting Accountants of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the issue of our H Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining approximately HK$[**REDACTED**] will be expensed in our statements of profit or loss and other comprehensive income.

UNAUDITED [**REDACTED**] ADJUSTED NET TANGIBLE ASSETS

For details on our unaudited [**REDACTED**] adjusted net tangible assets, please see Appendix II to this document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We continued investing in the research, development and commercialization of our drug candidates after April 30, 2026. For example, we entered into an exclusive cooperation agreement with Jiangsu Simcere Pharmaceutical Co., Ltd. regarding the marketing and distribution of Pumecitinib gel. See "Business — Major Collaboration and Licensing Arrangements — Cooperation Agreement with Simcere Pharmaceutical" for further details. We continued to utilize available sources of funds, including bank loans to support our funding needs for operations and research and development, and repaid relevant loans as they became due.

We expect that we will continue to record an increase in net losses for the year ending December 31, 2026 compared to the year of 2025, primarily because (i) we expect to incur significant research and development expenses as we continue to advance and expand our pipeline and enhance our technology platforms; and (ii) we expect to incur [**REDACTED**] expenses in connection with our proposed [**REDACTED**].

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document and except as disclosed in this document, there has been no material adverse change in our financial or trading position or prospects since April 30, 2026 (being the end date of the period reported on in the Accountants' Report set out in Appendix I to this document) and there has been no event since April 30, 2026 that would materially affect the information shown in the Accountants' Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please refer to the paragraph headed "Business — Our Strategies" for a detailed description of our future plans and strategies.

[REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range).

We currently intend to apply these [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to the development of our Core Product, PG-011 (Pumecitinib), in the Chinese mainland, including:

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the development of Pumecitinib gel for the indication of atopic dermatitis, including: (i) approximately HK$[**REDACTED**] million (representing an insignificant percentage of the [**REDACTED**]) to fund the NDA submission and regulatory approval process for Pumecitinib gel for the indication of atopic dermatitis in adults and adolescents aged 12 to 17, and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] to fund the expansion of target patient population to children aged two to 11. We plan to commence the Phase I clinical trial first for children aged six to 11 in the fourth quarter of 2026, and then in children aged two to five in 2029. Specifically, approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] will be used to fund the six to 11 age group in each year from 2027 to 2029, respectively. Approximately HK$[**REDACTED**] and HK$[**REDACTED**] will be used to fund the two to five age group in 2029 and 2030, respectively.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development of Pumecitinib nasal spray for the indication of allergic rhinitis, including: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] to fund the remaining Phase III clinical trials (which had been largely completed as of the Latest Practicable Date) and NDA for the indication of seasonal allergic rhinitis in adults, (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] to fund the expansion of target patient population for the indication of seasonal allergic rhinitis to adolescents aged 12 to 17 and children aged two to 11, with approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] to be used to fund the 12 to 17 age group in each year from 2027 to 2029, respectively, and approximately HK$[**REDACTED**] and HK$[**REDACTED**] to be used to fund the two to 11 age group in 2029 and 2030, respectively, and (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] to fund the expansion of indications to perennial allergic rhinitis in adults, with approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] will be used in each year from 2027 to 2029, respectively.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the clinical trials for PG-011 for additional indications, including: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] for prurigo nodularis, specifically, approximately HK$[**REDACTED**] and HK$[**REDACTED**] will be used in 2029 and 2030, respectively, and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] for non-segmental vitiligo, specifically, approximately HK$[**REDACTED**] and HK$[**REDACTED**] will be used in 2028 and 2029, respectively.

For details on the development stages and future development plan for PG-011, please see "Business — Our Clinical Stage Pipeline Products — Core Product PG-011 (Pumecitinib): A JAK1/JAK2 Inhibitor Designed for Topical Use."

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to the development of our other product candidates, in the Chinese mainland, including:

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for research and development of other innovative drug candidates, including: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], for the R&D of PG-033 (including [**REDACTED**]% for the indication of pruritus and [**REDACTED**]% for the indication of Olmsted syndrome), (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], for the R&D of PG-018 (for the indication of membranous nephropathy), (iii) approximately [**REDACTED**]%, or HK$ [**REDACTED**], for the R&D of PG-312 (for the indication of urticaria), and (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], for the R&D of PG-040 (for the indication of glaucoma).

    For current status and future development and commercialization plans of our innovative drug candidates above, please see "Business — Our Clinical Stage Pipeline Products", "Business — Our Selected Pre-clinical Pipeline Candidates" and "Business — Commercialization."

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the early research of new drug candidates in the area of immune-inflammation, in line with our long- standing focus in this area. We plan to strategically focus on new drugs for dermatological diseases in the short term, and gradually expand to chronic respiratory diseases, acute and chronic pain, and degenerative diseases in the mid- to long-term. We believe our cumulated knowledge in key immune-inflammatory pathways, such as JACK-STAT, ROCK and TRPV3, and our experience in developing locally-delivered targeted therapies match these intended areas for development and will bring us unique competitive edge.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to further strengthen our innovation and commercialization capabilities, including:

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] to fund the further development of our Complex Topical Drug Formulation Innovation Platform, including procuring relevant equipment, instruments and devices and investing in technologies in formulation development, quality control, and excipients and novel materials, where by we expect to further enhance our R&D capabilities and accelerate the development of our existing and futures product candidates; and

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] to fund the further development of our Novel Drug Design and Discovery Platform, including upgrading our CADD/AIDD computing framework, expanding the database and functions of our PRED-DERM prediction model, and enhancing the AI capability of and further upgrading our R&D systems, equipment and devices, whereby we expect to further strengthen our R&D capabilities across all stages of the research and development of our existing and futures product candidates and expedite our research and development cycle;

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] to support the establishment of our complex drug formulation commercialization capabilities as primarily reflected by the construction of our proprietary manufacturing facility for Pumecitinib gel and nasal spray, which we believe will bring us long-term value for the economic of scale and stable supply chain management. For details, see "Business — Manufacturing & Controls." All of these [**REDACTED**] will be used to fund the relevant site rental and renovation costs, the procurement and installation of relevant R&D and manufacturing equipment and devices, and to cover other expenses necessary to support our continued innovation and future product commercialization.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our daily operations and general corporate purposes, including working capital requirements, staff salaries, administrative expenses, marketing and business development activities and other routine operational costs.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**]. In such an event, we intend to apply the additional [**REDACTED**] to the above purposes in the proportion as stated above.

To the extent that the [**REDACTED**] from the [**REDACTED**] are not immediately required for the above purposes, the [**REDACTED**] will, to the extent permitted by relevant law and regulations, be temporarily placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions, as defined under the Securities and Future Ordinance ("**SFO**") or applicable laws and regulations in other jurisdictions.

We will issue an appropriate announcement if there is any material change to the above proposed [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[42], 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 PRIMEGENX THERAPEUTICS CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND CMBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of PrimeGenX Therapeutics Co., Ltd. (the "Company") set out on pages I-[3] to I-[42], which comprises the statements of financial position of the Company as at 31 December 2024 and 2025 and 30 April 2026, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows, for each of the years ended 31 December 2024 and 2025 and the four months ended 30 April 2026 (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-[42] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (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 the 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 (the "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.

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 financial position of the Company as at 31 December 2024 and 2025 and 30 April 2026 and of its financial performance and its 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.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the four months ended 30 April 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, 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(a) 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

[*Date*]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Company 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").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Year ended 31 December		Four months ended 30 April	
		2024	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other net income	*4*	11,220	36,296	860	5,998
(Impairment losses)/reversal of impairment losses on financial assets		(172)	499	(3)	(13)
General and administrative expenses		(40,753)	(46,993)	(13,110)	(27,841)
Research and development expenses		(146,207)	(128,436)	(36,252)	(54,492)
Loss from operations		(175,912)	(138,634)	(48,505)	(76,348)
Finance costs	*5(a)*	(2,584)	(2,469)	(893)	(1,184)
Loss before taxation	*5*	(178,496)	(141,103)	(49,398)	(77,532)
Income tax	*6*	–	–	–	–
Loss and total comprehensive income for the year/period		(178,496)	(141,103)	(49,398)	(77,532)
Loss per share	*9*				
Basic and diluted (RMB)		(1.02)	(0.73)	(0.26)	(0.40)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December		As at 30 April
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property and equipment	*10*	4,652	3,950	3,695
Right-of-use assets	*11*	1,574	16,144	17,405
Intangible assets	*12*	1,823	584	547
Other non-current assets	*13*	11,274	15,389	14,925
		19,323	36,067	36,572
Current assets				
Prepayments and other receivables	*14*	8,498	7,696	10,140
Financial assets measured at fair value through profit or loss ("FVPL")	*15*	50,186	–	43,054
Financial assets measured at fair value through other comprehensive income ("FVOCI")	*16*	–	–	40,204
Restricted bank deposits	*17*	–	10,000	–
Cash and cash equivalents	*17*	189,653	190,837	127,682
		248,337	208,533	221,080
Current liabilities				
Trade and other payables	*18*	27,841	50,876	41,863
Amount due to a related party	*28*	2,364	202	396
Bank loans	*19*	82,000	90,980	116,306
Lease liabilities	*20*	1,097	3,967	2,701
		113,302	146,025	161,266
Net current assets		135,035	62,508	59,814
Total assets less current liabilities		154,358	98,575	96,386
Non-current liabilities				
Bank loans	*19*	–	44,000	50,395
Lease liabilities	*20*	426	13,038	15,090
Other non-current liabilities	*21*	–	–	37,736
Deferred income	*22*	–	4,208	356
		426	61,246	103,577
NET ASSETS/(LIABILITIES)		153,932	37,329	(7,191)
CAPITAL AND RESERVES	*25*			
Share capital		96,085	96,085	96,085
Reserves		57,847	(58,756)	(103,276)
TOTAL EQUITY/(DEFICIT)		153,932	37,329	(7,191)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Share capital	Capital reserve	Other reserve	Accumulated losses	Total equity /(deficit)
	RMB'000 (Note 25(b))	*RMB'000 (Note 25(c)(i))*	*RMB'000 (Note 25(c)(ii))*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	84,596	225,798	36,233	(245,978)	100,649
Changes in equity for 2024:					
Loss and total comprehensive income for the year	–	–	–	(178,496)	(178,496)
Issuance of shares	11,489	204,511	–	–	216,000
Equity settled share-based payments *(Note 23)*	–	–	15,779	–	15,779
Balance at 31 December 2024 and 1 January 2025	96,085	430,309	52,012	(424,474)	153,932
Changes in equity for 2025:					
Loss and total comprehensive income for the year	–	–	–	(141,103)	(141,103)
Equity settled share-based payments *(Note 23)*	–	–	24,500	–	24,500
Balance at 31 December 2025 and 1 January 2026	96,085	430,309	76,512	(565,577)	37,329
Changes in equity for the four months ended 30 April 2026:					
Loss and total comprehensive income for the period	–	–	–	(77,532)	(77,532)
Equity settled share-based payments *(Note 23)*	–	–	33,012	–	33,012
Balance at 30 April 2026	96,085	430,309	109,524	(643,109)	(7,191)

	Share capital	Capital reserve	Other reserve	Accumulated losses	Total equity
	RMB'000 (Note 25(b))	*RMB'000 (Note 25(c)(i))*	*RMB'000 (Note 25(c)(ii))*	*RMB'000*	*RMB'000*
Balance at 1 January 2025	96,085	430,309	52,012	(424,474)	153,932
Changes in equity for the four months ended 30 April 2025 (unaudited):					
Loss and total comprehensive income for the period	–	–	–	(49,398)	(49,398)
Equity settled share-based payments *(Note 23)*	–	–	8,298	–	8,298
Balance at 30 April 2025 (unaudited)	96,085	430,309	60,310	(473,872)	112,832

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended 31 December		Four months ended 30 April	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Operating activities					
Loss before taxation		(178,496)	(141,103)	(49,398)	(77,532)
Adjustments for:					
Finance costs	*5(a)*	2,584	2,469	893	1,184
Interest income	*4*	(429)	(381)	(102)	(169)
Depreciation and amortisation	*5(c)*	4,362	5,983	1,630	1,594
Share-based payment expenses	*23*	15,779	24,500	8,298	33,012
Fair value gains on financial assets measured at FVPL	*4*	(811)	(307)	(107)	(454)
Loss on disposal of property and equipment		1	2	2	–
Gain on early termination of lease		–	–	–	(1,371)
Impairment losses/(reversal of impairment losses) on financial assets		172	(499)	3	13
Changes in working capital:					
Changes in prepayments and other receivables		(2,949)	2,635	1,859	(1,168)
Changes of other non-current liabilities		–	–	–	37,736
Changes in trade and other payables		4,331	24,565	9,272	(8,860)
Changes in deferred income		–	4,208	–	(3,852)
Changes in amount due to a related party		1,616	(2,162)	(299)	194
Changes of restricted bank deposits		–	(10,000)	–	10,000
Changes in other non-current assets		(5,678)	(4,115)	(855)	464
Net cash used in operating activities		(159,518)	(94,205)	(28,804)	(9,209)
Investing activities					
Payments for purchase of property and equipment		(437)	(1,157)	(163)	(81)
Proceeds from sale of property and equipment		1	–	–	–
Payments for purchase of intangible assets		(827)	(1,132)	(791)	–
Payment for purchase of financial assets measured at FVOCI		–	–	–	(40,080)
Payments for purchase of financial assets measured at FVPL		(228,000)	(175,000)	(30,000)	(369,500)
Proceeds from redemptions of financial assets measured at FVPL		188,680	225,493	80,293	326,900
Interest received		429	381	102	45
Net cash (used in)/generated from investing activities		(40,154)	48,585	49,441	(82,716)

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended 31 December		Four months ended 30 April	
		2024	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Financing activities					
Proceeds from bank loans	*17(b)*	157,000	136,980	–	56,900
Repayment of bank loans	*17(b)*	(108,596)	(84,000)	(20,000)	(25,500)
Interest paid for bank loans	*17(b)*	(2,464)	(2,117)	(750)	(731)
Principal elements of lease payments	*17(b)*	(2,199)	(2,518)	(984)	(333)
Interest elements of lease payments	*17(b)*	(120)	(352)	(14)	(132)
Payments for [**REDACTED**] expenses		–	(1,189)	–	(1,434)
Capital injection received from equity shareholders		216,000	–	–	–
Net cash generated from/(used in) financing activities		259,621	46,804	(21,748)	28,770
Net increase/(decrease) in cash and cash equivalents		59,949	1,184	(1,111)	(63,155)
Cash and cash equivalents at 1 January	*17(a)*	129,704	189,653	189,653	190,837
Cash and cash equivalents at 31 December/30 April	*17(a)*	189,653	190,837	188,542	127,682

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

PrimeGenX Therapeutics Co., Ltd. (the "Company") was established in Beijing on 26 September 2016. The Company is principally engaged in the research, development and commercialisation of topical drugs that focus on the immunology and inflammation in the People's Republic of China ("PRC"). The Company's subsidiary, PrimeGenX Therapeutics Technology Co., Ltd. (北京普祺醫藥技術有限公司), was established in Beijing on 9 May 2026, which is wholly owned by the Company.

The statutory financial statements of the Company for year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥). As at the date of this report, no statutory financial statements have been prepared for the Company for the year ended 31 December 2025.

The Company has adopted 31 December as its financial year end date.

The Historical Financial Information has been prepared assuming the Company will continue as a going concern notwithstanding the net liabilities of RMB7,191,000 as at 30 April 2026. The directors of the Company are of the opinion that the Company is able to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the Track Record Period, having taken into account the Company's cashflow forecast for the next twelve months. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

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 Company has consistently applied all applicable new and revised IFRS Accounting Standards throughout the Track Record Period, except for any new and revised accounting standards that are not yet effective for the accounting period beginning on 1 January 2026. The revised and new accounting standards issued but not yet effective for the Track Record Period are set out in Note 29.

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 Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

As majority of the Company's operations are conducted by the Company in the PRC, the Historical Financial Information and the Stub Period Corresponding Financial Information are presented in RMB. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for financial assets measured at FVPL and FVOCI are measured at their fair value as explained in Note 15 and 16.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information 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 values 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.

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) Investments in securities

The Company's policies for investments in securities are set out below.

Investments in securities are recognised/derecognised on the date the Company 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 Company determines fair value of financial instruments, see Note 26(e).

Non-equity investments are classified into one of the following measurement categories:

— 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 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.

(d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(g)(ii)).

If significant parts of an item of property 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 and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

Machinery and equipment	5-10 years
Office equipment and furniture	3-5 years
Leasehold improvements	Shorter of the useful life of 5 years or the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(e) 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 Company 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.

Intangible assets, including computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(g)(ii)).

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 and others	13 months-10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Leased assets

At inception of a contract, the Company 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 Company has elected not to separate lease components from non-lease components and allocated the consideration in the contract to each lease component on the basis of the relative stand-alone price.

At the lease commencement date, the Company 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 Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payment are recognised as an expense 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 hence are charged to profit or loss in the accounting period in which they are 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 adjusted for 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(d) and 2(g)(ii)).

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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will 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.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification 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 statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Company recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and other receivables).

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 of financial assets measured at amortised cost are discounted using the effective interest rate determined at initial recognition or an approximation thereof if the effect is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company 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 Company 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 are always measured at an amount equal to lifetime ECLs.

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 Company 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 Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is past the contractual due date.

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 Company 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 Company 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 being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company 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 Company 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 Company reviews the carrying amounts of its non-financial assets 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").

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 to reduce the carrying amounts of the 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.

(h) Receivables

A receivable is recognised when the Company has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

All receivables are stated at amortised cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with banks and other financial institutions 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(g)(i)).

(j) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(k) 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(p).

(l) 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 Company 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

For equity settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the date of the grant.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

(m) 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 items recognised directly in equity or in other comprehensive income.

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 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 the Company. 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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(n) 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.

(o) Revenue and other income

Income is classified by the Company as revenue when it arises from the sale of goods in the ordinary course of the Company's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

During the Track Record Period, the Company did not generate any revenue from its business.

Details of the other income's recognition policies are as follows:

(i) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company 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 Company for the cost of an asset are recognised in profit or loss over the useful life of the asset.

(p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, 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.

(q) Related parties

(a) A person, or a close member of that person's family, is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company 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 Company or an entity related to the Company.

(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 Company or to the Company'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.

(r) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business and geographical locations.

The Company manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The executive directors, being the Company's chief operating decision maker, review the Company's results when making decisions about allocating resources and assessing performance of the Company and determine that the Company has only one operating and reportable segment. Accordingly, no further analysis of this single segment is presented.

All of the Company's non-current assets are located in the PRC.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 23 contains information about the assumptions relating to fair value of restricted shares under share incentive scheme. Other significant sources of estimation uncertainty are as follows:

Research and development expenses

Development expenses incurred on the Company's pipeline are capitalised and deferred only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Company's intention to complete and the Company's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expense which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the Track Record Period.

4 OTHER NET INCOME

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Government grants	9,938	35,493	536	3,902
Fair value changes of financial assets measured at FVPL	811	307	107	454
Interest income	429	381	102	169
Gain on early termination of lease	–	–	–	1,371
Others	42	115	115	102
	11,220	36,296	860	5,998

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank loans *(Note 17(b))*	2,464	2,117	879	1,052
Interest on lease liabilities *(Note 17(b))*	120	352	14	132
	2,584	2,469	893	1,184

(b) Staff costs

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	56,191	50,085	16,853	17,998
Contributions to defined contribution retirement plan *(i)*	4,550	4,353	1,432	1,465
Equity-settled share-based payment expenses *(Note 23)*	15,779	24,500	8,298	33,012
	76,520	78,938	26,583	52,475

(i) Employees of the Company in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) Other items

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation charge				
– owned property and equipment *(Note 10)*	1,741	1,227	429	328
– right-of-use assets *(Note 11)*	1,946	3,430	690	1,229
	3,687	4,657	1,119	1,557
Amortisation cost of intangible assets *(Note 12)*	675	1,326	511	37
Research and development expenses *(i)*	146,207	128,436	36,252	54,492
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(i) During the years ended 31 December 2024 and 2025 and the four months ended 30 April 2025 and 2026, research and development expenses include staff costs, depreciation and amortisation expenses of RMB50,880,000, RMB55,381,000, RMB17,099,000 and RMB36,223,000, respectively, in which the respective amounts are also disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before taxation	(178,496)	(141,103)	(49,398)	(77,532)
Notional tax on loss before taxation, calculated at the applicable rate in the jurisdiction concerned *(i)*	(44,624)	(35,276)	(12,350)	(19,383)
Tax effect of different tax rate *(ii)*	17,850	14,110	4,940	7,753
Tax effect of non-deductible expenses	797	759	294	456
Tax effect of tax losses and other temporary differences not recognised	43,801	34,504	11,287	15,468
Tax effect of additional deduction on research and development expenses *(iii)*	(17,824)	(14,097)	(4,171)	(4,294)
	–	–	–	–

(i) Entity established in the PRC is subject to PRC Corporate Income Tax rate of 25% during the Track Record Period.

(ii) The Company enjoys a preferential tax rate of 15% according to its certificate of "High and New Technology Enterprise" ("HNTE") under the PRC Corporate Income Tax Law.

(iii) According to the relevant tax rules in the PRC, an additional 100% qualified research and development expenses are allowed to be deducted from the taxable income in the Track Record Period.

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during the Track Record Period are as followings:

	Year ended 31 December 2024						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Li Yuliang	–	1,598	–	66	1,664	–	1,664
Dr. Daniel Yunlong Du ("Dr. Du")	–	2,115	–	4	2,119	5,325	7,444
Mr. Wu Xing	–	1,098	–	66	1,164	2,196	3,360
Dr. Han Yongxin ("Dr. Han")	–	975	–	–	975	–	975
Ms. Wang Hongmei	–	553	–	66	619	–	619
Mr. Xiao Qiangfu	–	–	–	–	–	–	–
Mr. Cui Yuan	–	–	–	–	–	–	–
Supervisors *(iv)*							
Mr. Lei Fei	–	757	–	66	823	261	1,084
Ms. Zhang Hui	–	748	–	66	814	466	1,280
Mr. Zhu Li	–	808	–	66	874	83	957
	–	8,652	–	400	9,052	8,331	17,383

	Year ended 31 December 2025						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Li Yuliang	–	1,601	–	68	1,669	–	1,669
Dr. Du	–	2,104	–	–	2,104	8,285	10,389
Mr. Wu Xing	–	1,101	–	68	1,169	3,418	4,587
Dr. Han	–	260	–	–	260	–	260
Ms. Wang Hongmei	–	555	–	68	623	–	623
Mr. Wang Yunhai *(i)*	–	–	–	–	–	–	–
Mr. Xiao Qiangfu *(i)*	–	–	–	–	–	–	–
Mr. Cui Yuan *(i)*	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Zhang Qing *(ii)*	94	–	–	–	94	–	94
Mr. Na Shuai *(ii)*	94	–	–	–	94	–	94
Mr. Hu Wei *(ii)*	94	–	–	–	94	–	94
Supervisors							
Mr. Lei Fei	–	634	–	57	691	338	1,029
Ms. Zhang Hui *(iii)*	–	58	–	6	64	51	115
Mr. Zhu Li	–	667	–	57	724	535	1,259
Mr. Xiao Qiangfu *(iii)*	–	–	–	–	–	–	–
	282	6,980	–	324	7,586	12,627	20,213

	Four months ended 30 April 2026						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Li Yuliang	–	534	–	23	557	–	557
Dr. Du	–	701	–	–	701	11,819	12,520
Mr. Wu Xing	–	367	–	23	390	4,875	5,265
Dr. Han	–	87	–	–	87	–	87
Ms. Wang Hongmei	–	186	–	23	209	–	209
Independent non-executive directors							
Mr. Zhang Qing	33	–	–	–	33	–	33
Mr. Na Shuai	33	–	–	–	33	–	33
Mr. Hu Wei	33	–	–	–	33	–	33
	99	1,875	–	69	2,043	16,694	18,737

	Four months ended 30 April 2025 (unaudited)						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Li Yuliang	–	533	–	23	556	–	556
Dr. Du	–	701	–	–	701	2,598	3,299
Mr. Wu Xing	–	367	–	23	390	1,072	1,462
Dr. Han	–	87	–	–	87	–	87
Ms. Wang Hongmei	–	185	–	22	207	–	207
Mr. Wang Yunhai *(i)*	–	–	–	–	–	–	–
Mr. Xiao Qiangfu *(i)*	–	–	–	–	–	–	–
Mr. Cui Yuan *(i)*	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Zhang Qing *(ii)*	28	–	–	–	28	–	28
Mr. Na Shuai *(ii)*	28	–	–	–	28	–	28
Mr. Hu Wei *(ii)*	28	–	–	–	28	–	28
Supervisors							
Mr. Lei Fei	–	253	–	23	276	127	403
Ms. Zhang Hui *(iii)*	–	58	–	6	64	51	115
Mr. Zhu Li	–	266	–	23	289	535	824
Mr. Xiao Qiangfu *(iii)*	–	–	–	–	–	–	–
	84	2,450	–	120	2,654	4,383	7,037

(i) In January 2025, Mr. Xiao Qiangfu and Mr. Cui Yuan resigned as executive directors and Mr. Wang Yunhai was appointed as executive director. In December 2025, Mr. Wang Yunhai resigned as executive director.

(ii) On 24 January 2025, the Company appointed Mr. Zhang Qing, Mr. Na Shuai and Mr. Hu Wei as independent non-executive directors of the Company.

(iii) In January 2025, Ms. Zhang Hui resigned as supervisor and Mr. Xiao Qiangfu was appointed as supervisor.

(iv) The Company abolished the supervisor committee in November 2025.

(v) In January 2026, the Company approved to appoint Mr. Lang Xiaofeng as independent non-executive director with effective upon the [**REDACTED**].

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Company to the directors and the supervisors as an inducement to join or upon joining the Company or as compensation for loss of any office in connection with the management of the affairs of any member of the Company.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, of the five individuals with the highest emoluments, two, two, three and two are directors/supervisors of the Company for the years ended 31 December 2024 and 2025 and the four months ended 30 April 2025 and 2026, respectively, whose emoluments are disclosed in Note 7.

The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other emoluments	4,613	3,455	901	1,152
Retirement scheme contributions	171	137	23	46
Share-based payments	1,666	4,398	952	5,321
	6,450	7,990	1,876	6,519

The emoluments of the remaining individuals with the highest emoluments are within the following bands:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals
			(unaudited)	
HKD1,000,001 to HKD1,500,000	–	–	2	–
HKD2,000,001 to HKD2,500,000	2	1	–	1
HKD2,500,001 to HKD3,000,000	1	–	–	2
HKD3,000,001 to HKD3,500,000	–	2	–	–
	3	3	2	3

During the Track Record Period, no amounts were paid or payable by the Company to the above non-director highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of any office in connection with the management of the affairs of any member of the Company.

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the Track Record Period attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the respective year/period.

The weighted average number of ordinary shares throughout the periods presented has been adjusted retrospectively for the impact of the share subdivision in January 2026 (see Note 25(b)).

Loss attributable to ordinary equity shareholders of the Company:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss for the year/period attributable to ordinary equity shareholders of the Company	(178,496)	(141,103)	(49,398)	(77,532)

Weighted average number of ordinary shares:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	'000	*'000*	*RMB'000 (unaudited)*	*RMB'000*
Issued ordinary shares at 1 January	84,596	96,085	96,085	96,085
Effect of shares issued *(Note 25(b))*	3,103	–	–	–
Effect of share subdivision *(Note 25(b))*	87,699	96,085	96,085	96,085
Weighted average number of ordinary shares at 31 December/30 April	175,398	192,170	192,170	192,170

(b) Diluted loss per share

There were no dilutive potential ordinary shares for the years ended 31 December 2024 and 2025 and the four months ended 30 April 2025 and 2026, therefore diluted loss per share were the same as basic loss per share for the respective year/period.

10 PROPERTY AND EQUIPMENT

	Machinery and equipment	Office equipment and furniture	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2024	7,144	1,254	3,391	11,789
Additions	173	272	–	445
Disposals	–	(16)	–	(16)
At 31 December 2024 and 1 January 2025	7,317	1,510	3,391	12,218
Additions	225	177	125	527
Disposals	(8)	(4)	–	(12)
At 31 December 2025 and 1 January 2026	7,534	1,683	3,516	12,733
Additions	66	7	–	73
At 30 April 2026	7,600	1,690	3,516	12,806
Accumulated depreciation:				
At 1 January 2024	(2,619)	(729)	(2,491)	(5,839)
Charge for the year	(716)	(348)	(677)	(1,741)
Written back on disposals	–	14	–	14
At 31 December 2024 and 1 January 2025	(3,335)	(1,063)	(3,168)	(7,566)
Charge for the year	(720)	(245)	(262)	(1,227)
Written back on disposals	6	4	–	10
At 31 December 2025 and 1 January 2026	(4,049)	(1,304)	(3,430)	(8,783)
Charge for the period	(244)	(70)	(14)	(328)
At 30 April 2026	(4,293)	(1,374)	(3,444)	(9,111)
Net book value:				
At 31 December 2024	3,982	447	223	4,652
At 31 December 2025	3,485	379	86	3,950
At 30 April 2026	3,307	316	72	3,695

11 RIGHT-OF-USE ASSETS

	Buildings	Laboratory equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2024	7,415	–	7,415
Additions	–	639	639
At 31 December 2024 and 1 January 2025	7,415	639	8,054
Additions	15,955	–	15,955
Lease modification	2,045	–	2,045
At 31 December 2025 and 1 January 2026	25,415	639	26,054
Additions	17,461	–	17,461
Early termination of lease	(16,988)	–	(16,988)
At 30 April 2026	25,888	639	26,527
Accumulated depreciation:			
At 1 January 2024	(4,534)	–	(4,534)
Charge for the year	(1,919)	(27)	(1,946)
At 31 December 2024 and 1 January 2025	(6,453)	(27)	(6,480)
Charge for the year	(3,367)	(63)	(3,430)
At 31 December 2025 and 1 January 2026	(9,820)	(90)	(9,910)
Charge for the period	(1,208)	(21)	(1,229)
Early termination of lease	2,017	–	2,017
At 30 April 2026	(9,011)	(111)	(9,122)
Net book value:			
At 31 December 2024	962	612	1,574
At 31 December 2025	15,595	549	16,144
At 30 April 2026	16,877	528	17,405

The right-of-use assets mainly represent the properties leased for own use. The leases typically run for an initial period of 3 to 5 years.

The analysis of expense items in relation to leases recognised in the Company's profit or loss are as follows:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets *(Note 5(c))*	1,946	3,430	690	1,229
Interest on lease liabilities *(Note 5(a))*	120	352	14	132
Expense relating to short-term leases	455	236	82	22

Note: Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(b) and 25(b), respectively.

12 INTANGIBLE ASSETS

	Software and others
	RMB'000
Cost:	
At 1 January 2024	848
Additions	1,870
At 31 December 2024 and 1 January 2025	2,718
Additions	87
At 31 December 2025, 1 January 2026 and 30 April 2026	2,805
Accumulated amortisation:	
At 1 January 2024	(220)
Charge for the year	(675)
At 31 December 2024 and 1 January 2025	(895)
Charge for the year	(1,326)
At 31 December 2025 and 1 January 2026	(2,221)
Charge for the period	(37)
At 30 April 2026	(2,258)
Net book value:	
At 31 December 2024	1,823
At 31 December 2025	584
At 30 April 2026	547

13 OTHER NON-CURRENT ASSETS

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Value-added tax recoverable	11,274	15,389	14,925

As at 31 December 2024 and 2025 and 30 April 2026, value-added tax ("VAT") recoverable amounting to RMB11,274,000, RMB15,389,000 and RMB14,925,000, respectively were recognised as other non-current assets as they are expected to be deducted from future VAT payables arising on the Company's revenue which are not expected to be generated within the next 12 months from the end of each of the reporting period.

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for contract research organisation services	5,441	3,562	3,095
Prepayments for raw materials	2,205	1,658	2,822
Costs incurred to be deducted from equity in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Rental deposits	1,563	1,357	1,457
Others	3	–	371
	9,212	7,911	10,368
Less: loss allowance	(714)	(215)	(228)
Total	8,498	7,696	10,140

All of the prepayments and other receivables are expected to be recovered or recognised as expense within one year.

15 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	50,186	–	43,054

Financial assets measured at fair value through profit or loss represent structured deposits purchased from banks in the PRC with variable interest, which will mature within one year at the end of each reporting period.

16 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Certificates of deposit	–	–	40,204

In February 2026, the Company purchased certificates of deposit issued by a bank with principal amount of RMB40,080,000 and with maturity on 13 January 2029. The certificates of deposit are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, thus, are classified as financial assets measured at FVOCI.

17 CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents and restricted bank deposits comprise

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	189,653	200,837	127,682
Less: restricted bank deposits *(i)*	–	(10,000)	–
Cash and cash equivalents	189,653	190,837	127,682

(i): As at 31 December 2025, restricted bank deposits represent the deposits for entrusted payments to designated suppliers.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Company'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 Company's statements of cash flows as cash flows from financing activities.

	Bank loans	Lease liabilities	Total
	RMB'000 (Note 19)	*RMB'000 (Note 20)*	*RMB'000*
At 1 January 2024	33,596	3,083	36,679
Changes from financing cash flows:			
Proceeds from bank loans	157,000	–	157,000
Repayment of bank loans	(108,596)	–	(108,596)
Capital element of lease rentals paid	–	(2,199)	(2,199)
Interest element of lease rentals paid	–	(120)	(120)
Interest paid	(2,464)	–	(2,464)
Total changes from financing cash flows	45,940	(2,319)	43,621
Other changes:			
Interest expenses *(Note 5(a))*	2,464	120	2,584
Increase in lease liabilities from entering into new leases	–	639	639
Total other changes	2,464	759	3,223
At 31 December 2024	82,000	1,523	83,523

	Bank loans	Lease liabilities	Total
	RMB'000 (Note 19)	*RMB'000 (Note 20)*	*RMB'000*
At 1 January 2025	82,000	1,523	83,523
Changes from financing cash flows:			
Proceeds from bank loans	136,980	–	136,980
Repayment of bank loans	(84,000)	–	(84,000)
Capital element of lease rentals paid	–	(2,518)	(2,518)
Interest element of lease rentals paid	–	(352)	(352)
Interest paid	(2,117)	–	(2,117)
Total changes from financing cash flows	50,863	(2,870)	47,993
Other changes:			
Interest expenses *(Note 5(a))*	2,117	352	2,469
Increase in lease liabilities from entering into new leases	–	15,955	15,955
Lease modification	–	2,045	2,045
Total other changes	2,117	18,352	20,469
At 31 December 2025	134,980	17,005	151,985

	Bank loans	Lease liabilities	Total
	(RMB'000) (Note 19)	*(RMB'000) (Note 20)*	*(RMB'000)*
At 1 January 2026	134,980	17,005	151,985
Changes from financing cash flows:			
Proceeds from bank loans	56,900	–	56,900
Repayment of bank loans	(25,500)	–	(25,500)
Capital element of lease rentals paid	–	(333)	(333)
Interest element of lease rentals paid	–	(132)	(132)
Interest paid	(731)	–	(731)
Total changes from financing cash flows	30,669	(465)	30,204
Other changes:			
Interest expenses *(Note 5(a))*	1,052	132	1,184
Increase in lease liabilities from entering into new leases	–	17,461	17,461
Early termination of lease	–	(16,342)	(16,342)
Total other changes	1,052	1,251	2,303
At 30 April 2026	166,701	17,791	184,492

(c) Total cash outflow for leases

Amounts included in the statements of cash flows for lease rental paid are as follows:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating cash flows	455	236	82	22
Within financing cash flows	2,319	2,870	998	465
	2,774	3,106	1,080	487

18 TRADE AND OTHER PAYABLES

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Payables for research and development costs	17,378	23,465	18,497
Government grants *(i)*	–	17,513	17,513
Payables for staff related costs	7,155	6,544	4,619
Payables for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Payables for other taxes	1,052	908	803
Others	2,256	1,495	431
	27,841	50,876	41,863

(i) The amount represents government grants received but have not met the conditions attached to the grants.

At the end of each reporting period, the ageing analysis of the payables for research and development costs based on the date of purchase is as follows:

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	16,941	16,898	15,153
Over 6 months and within 1 year	342	3,450	1,926
Over 1 year	95	3,117	1,418
	17,378	23,465	18,497

The trade and other payables are expected to be settled within one year or are payable on demand.

19 BANK LOANS

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	82,000	134,980	166,701

The bank loans are unsecured and unguaranteed. The bank loans bear interest rates ranging from 3.15% to 4.1% per annum as at 31 December 2024, 2.2% to 2.7% per annum as at 31 December 2025 and 2.2% to 3.3% per annum as at 30 April 2026.

The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	82,000	90,980	116,306
After 1 year but within 2 years	–	44,000	50,395
Total	82,000	134,980	166,701

Included in the current portion of bank loans as at 31 December 2025, bank loan with carrying amount RMB20,000,000 was reclassified to repayable on demand because the Company did not comply with a liabilities-to-assets financial ratio covenant required by the bank. Such bank loan was early repaid in January 2026.

20 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,097	3,967	2,701
After 1 year but within 2 years	284	3,859	3,736
After 2 years but within 5 years	142	9,179	11,354
	426	13,038	15,090
	1,523	17,005	17,791

21 OTHER NON-CURRENT LIABILITIES

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Upfront receipt for exclusive cooperation agreement	–	–	37,736

In January 2026, the Company entered into an exclusive cooperation agreement with a third party on commercialisation and marketing of the Company's core product, Pumecitinib nasal spray, in the PRC for a 10-year-period following its regulatory approval. The Company received the upfront payment of RMB40 million in February 2026 and recognised liabilities net of VAT. The receipt will be amortised over the cooperation period and reduce the selling expenses correspondingly following the regulatory approval of Pumecitinib nasal spray.

22 DEFERRED INCOME

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Government grants	–	4,208	356

Deferred income represents government grant received in September 2025 to subsidise the subsequent clinical study expenses of a pipeline product, which would be recognised in "Other net income" in the periods when the related expenses incurred.

23 EQUITY SETTLED SHARE-BASED PAYMENTS

(a) 2019 Share Incentive Arrangement

In July 2019, as initiated by the shareholders, RMB3,000,000 paid-in-capital held by Chifeng Qingxi Enterprise Management Center (Limited Partnership) ("Chifeng Qingxi") was granted to two eligible employees (the "Participants of 2019") at the price of RMB1 per unit paid-in-capital. The granted shares are subject to the service condition that the Participants of 2019 are obliged to service in the Company for not less than 5 years. One of the Participants of 2019 resigned from the Company in October 2021, and the restricted shares granted to him had been forfeited accordingly.

In March 2022, the Company had agreed with the remaining Participant of 2019 to modify and extend the vesting period. After the modification, the Participant of 2019 was subject to the service condition that the granted shares should be vested upon the expiration of a 36-month period following the Company's [**REDACTED**]. This modification was ignored as it is not beneficial to the employee and the Company continues to recognise the services received measured at the grant date fair value of the shares granted.

(b) 2021 Share Incentive Scheme

In December 2021, the Board of Directors approved a share incentive scheme ("2021 Share Incentive Scheme"), pursuant to which in March 2022, (i) RMB2,939,723 paid-in capital held by Chifeng Mingquan Enterprise Management Center (Limited Partnership) ("Chifeng Mingquan") were granted to eligible directors and employees of the Company at a price of RMB1.5 per unit paid-in capital; and (ii) RMB7,775,000 paid-in capital through Chifeng Qingxi were granted to eligible directors and employees of the Company at a price of RMB1.2 per unit paid-in capital. The 2021 Share Incentive Scheme is subject to service condition that the granted shares should be vested upon the expiration of a 36-month period following the Company's [**REDACTED**].

In June 2024, also pursuant to the 2021 Share Incentive Scheme, 450,000 shares held by Chifeng Qingxi and 3,000,000 shares held by Chifeng Mingquan were granted to eligible employees of the Company at a price of RMB4.0 per share, and also subject to the service condition that the granted shares should be vested upon the expiration of a 36-month period following the Company's [**REDACTED**].

In January 2026, upon the approval by the shareholders' meeting, the service condition of 2021 Share Incentive Scheme was modified to be vested upon the expiration of a 12-month period following the Company's [**REDACTED**]. As the modification reduced the vesting period that is beneficial to the employees, the Company uses the modified vesting period when applying the requirements of the modified grant-date method.

(c) Forfeited restricted shares

Nil, 260,088 and 60,088 shares granted under the above-mentioned share incentives were forfeited due to the resignation of several employees for the years ended 31 December 2024 and 2025 and the four months ended 30 April 2026, respectively.

(d) Fair value and assumptions

2019 Share Incentive Arrangement

The fair value of services received in return for restricted shares granted was measured by reference to the fair value of restricted shares granted and the subscription price should be paid by the two eligible employees. The fair value of the restricted shares granted is measured at the grant date referring to the equity value assessed by the independent appraiser, Beijing Zhongtianhua Asset Appraisal Co., Ltd. based on asset-based approach considering the discounted cash flow of the underlying assets. Such fair value at measurement date was RMB1.83 per share. Best estimates of key assumptions are required to be determined by management. Key assumptions used in determining the fair value of restricted shares granted are as follows:

	As at 30 June
	2019
Probability of success	13.12%-16.40%
Weighted average cost of capital ("WACC")	16.01%

2021 Share Incentive Scheme

The fair value of services received in return for restricted shares granted was measured by reference to the fair value of restricted shares granted and the subscription price paid by the eligible directors and employees. The fair value of the restricted shares granted is measured at the grant date referring to the [**REDACTED**] by the independent [**REDACTED**]. Such fair value at measurement date was RMB15.67 per share in March 2022 and RMB18.8 per share in June 2024.

(e) Equity-settled share-based payment expenses recognised in the profit or loss during the Track Record Period:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Research and development expenses	4,936	15,431	3,054	22,428
General and administrative expenses	10,843	9,069	5,244	10,584
	15,779	24,500	8,298	33,012

24 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(m), the Company has not recognised deferred tax assets in respect of cumulative tax losses of RMB789,878,000, RMB973,081,000 and RMB1,008,462,000 as at 31 December 2024 and 2025 and 30 April 2026, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. The unrecognised tax losses will be expired as follows:

	As at 31 December		As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
2026	1,010	1,010	1,010
2027	4,702	4,702	4,702
2028	18,044	18,044	18,044
2029	29,615	29,615	29,615
2030	35,758	35,758	35,758
2031	81,490	81,490	81,490
2032	142,002	142,002	142,002
2033	201,319	201,319	201,319
2034	275,938	275,938	275,938
2035	–	183,203	183,203
2036	–	–	35,381
	789,878	973,081	1,008,462

25 CAPITAL AND RESERVES

(a) Dividends

The directors of the Company did not propose the payment of any dividend during the Track Record Period.

(b) Share capital

Issued ordinary shares

	Number of ordinary shares	Amount
	'000	*RMB'000*
Issued and fully paid:		
At 1 January 2024	84,596	84,596
Issue of new shares	11,489	11,489
At 31 December 2024 and 2025	96,085	96,085
Effect of share subdivision	96,085	–
At 30 April 2026	192,170	96,085

The Company has undertaken several rounds of [**REDACTED**]. In connection with the [**REDACTED**], certain [**REDACTED**] had been granted certain special rights against the controlling shareholder including anti-dilution rights and redemption rights, among others. The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned special rights granted by the controlling shareholder, including the redemption

rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted by the controlling shareholder in the event of a default by the controlling shareholder. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted to the [**REDACTED**] by the controlling shareholder.

In January 2026, the Company's shareholders resolved to conduct the share subdivision pursuant to which each authorised issued share of nominal value of RMB1.00 each was subdivided into two shares of nominal value of RMB0.50 each.

(c) Nature and purpose of reserves

(i) Capital reserve

Capital reserve mainly comprises the capital contributions made by shareholders.

(ii) Other reserve

Other reserve mainly comprises the portion of the grant date fair value of restricted shares granted to the directors and employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(l)(ii).

(d) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder 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.

The Company was subject to a loan covenant imposed by a bank to maintain certain liabilities-to-assets ratio. As at 31 December 2025, bank loan with carrying amount RMB20,000,000 was reclassified to repayable on demand because the Company did not comply with certain financial covenant required by the bank. Such bank loan was early repaid in January 2026.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business.

The Company's exposure to these risks and the financial risk management policies and practices used by the Company 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 Company. The Company's credit risk is primarily attributable to prepayment and other receivables. The Company's exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVPL and financial assets measured at FVOCI is limited because the counterparties are reputable banks, which the Company considers to have low credit risks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Company has recognised loss allowance of RMB714,000, RMB215,000 and RMB228,000 on other receivables as at 31 December 2024 and 2025 and 30 April 2026, respectively.

(b) Liquidity risk

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Company'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 each reporting period) and the earliest dates the Company can be required to pay:

	As at 31 December 2024				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(Note 19)*	83,317	–	–	83,317	82,000
Trade and other payables	19,634	–	–	19,634	19,634
Amount due to a related party *(Note 28)*	2,364	–	–	2,364	2,364
Lease liabilities *(Note 20)*	1,210	328	162	1,700	1,523
	106,525	328	162	107,015	105,521

	As at 31 December 2025				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(Note 19)*	93,889	44,559	–	138,448	134,980
Trade and other payables	25,911	–	–	25,911	25,911
Amount due to a related party *(Note 28)*	202	–	–	202	202
Lease liabilities *(Note 20)*	4,521	4,102	9,641	18,264	17,005
	124,523	48,661	9,641	182,825	178,098

	As at 30 April 2026				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(Note 19)*	119,501	51,268	–	170,769	166,701
Trade and other payables	18,928	–	–	18,928	18,928
Amount due to a related party *(Note 28)*	396	–	–	396	396
Lease liabilities *(Note 20)*	3,292	4,175	11,883	19,350	17,791
	142,117	55,443	11,883	209,443	203,816

(c) Interest rate risk

The Company's interest rate risk arises primarily from bank loans. The Company consistently monitors the current and potential fluctuation of interest rates in managing the interest rate risk on a reasonable level. As the end of each reporting date, the Company did not have any bank loans at variable rates (see Note 19 for details of the loans). Cash flow interest rate risk in relation to bank balances is considered insignificant. Interest rate risk is managed by the management of the Company on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movement in interest rates.

Since the Company has no loans with variable interest rates at the end of each reporting date, no sensitivity analysis about interest rates risk is prepared.

(d) Currency risk

The Company is not exposed to currency risk as all its cash and bank balances and transactions are denominated in RMB.

(e) Fair values measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The fair value of the Company's financial instruments are measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value measurement of structured deposits and certificates of deposit fall into level 2 of the fair value hierarchy.

The fair value of structured deposits is estimated based on the amount that the Company would receive at the end of the reporting period, taking into account current market interest rates of structured deposits with similar risk profile.

The fair value of certificates of deposit in Level 2 is determined by discounting the cash flows to be derived from the certificates of deposit using discounted cash flow method. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Company's financial instruments carried at amortised cost are not materially different from their fair values at the end of each reporting period.

27 COMMITMENTS

As at 31 December 2024, the Company was committed to enter into a new lease of 5 years that is not yet commenced, the lease payments under which amounted to RMB3,482,000 per annum. This new lease commenced on 1 July 2025.

As at 31 December 2025 and 30 April 2026, the Company did not have any material commitments.

28 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship of the related party that had material transactions with the Company

Names of related party	Relationship
Chifeng Saliont Pharmaceutical Co., Ltd. . .	Controlled by the controlling shareholder of the Company

(b) Transactions with related party

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase of contract manufacturing organisation services	11,596	5,763	2,459	1,109

(c) Balances with related party

The Company's balances with the related party as at the end of each reporting period are as follows:

	As at 31 December	As at 31 December	As at 30 April
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Amount due to a related party (trade in nature)	2,364	202	396

The amount due to a related party is unsecured, interest-free and repayable on demand.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8 is as follows:

	Year ended 31 December		Four months ended 30 April	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries and other emoluments	7,638	8,608	2,857	2,876
Retirement scheme contributions	269	273	90	92
Share-based payments	8,354	14,635	4,622	20,241
	16,261	23,516	7,569	23,209

Total remuneration is included in "staff costs" in Note 5(b).

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

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 Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following:

	Effective for accounting periods beginning on or after
IFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	1 January 2027
IFRS 20, *Regulatory assets and regulatory liabilities*	1 January 2029
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements except the following:

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, 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.

The Company 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 Company.

30 SUBSEQUENT EVENTS

In May 2026, the Company entered into an exclusive cooperation agreement with a third party on commercialisation and marketing of the Company's core product, Pumecitinib gel, in the PRC following its regulatory approval. The Company received an upfront payment of RMB60 million in June 2026.

Except as disclosed above, there are no other significant events subsequent to 30 April 2026 which would materially affect the Company's operating and financial performance.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiary in respect of any period subsequent to 30 April 2026.

The following information does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited [**REDACTED**] *financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted net tangible assets of the Company is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the [**REDACTED**] on the net tangible liabilities of the Company as at 30 April 2026 as if the [**REDACTED**] had taken place on 30 April 2026.

The unaudited [**REDACTED**] statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Company had the [**REDACTED**] been completed as of 30 April 2026 or at any future date.

	Net tangible liabilities of the Company as at 30 April 2026[(1)]	**Estimated [REDACTED] from the [REDACTED][(2)(4)]**	**Unaudited [REDACTED] adjusted net tangible assets of the Company**	**Unaudited [REDACTED] adjusted net tangible assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB[(3)]*	*HKD[(4)]*
Based on an [**REDACTED**] of HKD[**REDACTED**] per H Share	(7,738)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [**REDACTED**] of HKD[**REDACTED**] per H Share	(7,738)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The net tangible liabilities of the Company as of 30 April 2026 is arrived at after deducting intangible assets of RMB547,000 from the total deficit of the Company of RMB7,191,000 as of 30 April 2026, which is extracted from the Accountants' Report set out in Appendix I to the Document.

(2) The estimated [**REDACTED**] from the [**REDACTED**] are based on the indicative [**REDACTED**] of HK$[**REDACTED**] per H Share (being the lower end of the [**REDACTED**] range) and HK$[**REDACTED**] per H Share (being the higher end of the [**REDACTED**] range), and [**REDACTED**] expected to be [**REDACTED**] under the [**REDACTED**], after deduction of the [**REDACTED**] fees and other related expenses paid or payable by the Company (excluding the [**REDACTED**] expenses that have been charged to profit or loss up to 30 April 2026) and does not take into account any H shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted net tangible assets per Share is arrived at after adjustments as described in the preceding paragraphs and on the basis that [**REDACTED**] shares were in issue immediately following the completion of [**REDACTED**], and does not take into account any H shares which may be issued upon the exercise of the [**REDACTED**].

(4) The estimated [**REDACTED**] from [**REDACTED**] and the unaudited [**REDACTED**] adjusted net tangible assets per Share are converted from or into HK$ at the exchange rate of RMB0.86647 to HK$1.00. No representation is made that RMB amount have been, could have been or may be converted to HK$, or vice versa, at that rate or at any other rate.

(5) No adjustment has been made to the unaudited [**REDACTED**] adjusted net tangible assets of the Company to reflect any trading results or other transactions of the Company entered into subsequent to 30 April 2026.

B. REPORT ON THE UNAUDITED [REDACTED] FINANCIAL INFORMATION

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions based on current laws and practices is subject to change and does not constitute legal or tax advice. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital gain and profit tax, business tax/value-added tax, stamp duty and estate duty was referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

THE PRC TAXATION

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was most recently amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the Ministry of Finance (the "**MOF**") or exempted by an international convention or agreement to which the PRC government is a party.

Pursuant to the Circular on Some Policy Questions Concerning Individual Income Tax (《關於個人所得税若干政策問題的通知》) (Cai Shui [1994] No. 20), which was issued by MOF and State Taxation Administration (the "**STA**") on May 13,1994 and came into effect on the same date, the incomes gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempt from individual income tax for the time being.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement on the Avoidance of Double Taxation and Prevention of Fiscal Evasion**"), which was signed on August 21, 2006, the PRC government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the STA (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) (the "**Fifth Protocol**"), which came into effect on December 6, 2019, states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefit.

Enterprise Investors

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), promulgated by the National People's Congress (the "**NPC**") on March 16, 2007, most recently amended on December 29, 2018, and the Implementation Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》), promulgated by the State Council on December 6, 2007, most recently amended on December 6, 2024 and became effective on January 20, 2025 (hereinafter collectively referred to as the "**EIT Law**"), are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. Non-resident enterprises that have not set up institutions or sites in the PRC, or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Pursuant to the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Mainland China Resident Enterprises on Dividends Paid to Overseas Non-mainland China Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), issued by the STA on November 6, 2008, a PRC resident enterprise distributing dividends to its overseas non-resident enterprise shareholders holding H-shares for fiscal years commencing in or after 2008 is required to withhold Enterprise Income Tax at a uniform rate of 10%.

Pursuant to the Arrangement on the Avoidance of Double Taxation and Prevention of Fiscal Evasion and Fifth Protocol, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. However, such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

In addition, the application of the dividend clause of tax agreements is subject to the requirements of PRC tax laws and regulations, such as the Notice of the STA on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81), which came into effect on February 20, 2009. While determining the taxation applicable to dividends under certain tax agreements, investors shall comply with such provisions.

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the tax authorities.

Taxation on Gains from Share Transfer

Individual Investors

According to the IIT Law, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the STA on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and the Implementation Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》), a non-resident enterprise is generally subject to corporate income tax at the rate of 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》), which was amended on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to all kinds of documents having legally binding force in the PRC and protected under the PRC laws. Therefore, PRC stamp duty shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and the Implementing Rules, resident enterprises are subject to a standard enterprise income tax rate of 25% on their global income. Key advanced and new technology enterprises supported by the State are eligible for a preferential enterprise income tax rate of 15%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology on January 29, 2016 and became effective on January 1, 2016, an enterprise which is recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the EIT Law, its implementation regulation and relevant PRC law.

Value-added Tax ("VAT")

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective on May 1 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) (the "**VAT Law**"), promulgated by the Standing Committee of NPC on December 25, 2024, and became effective on January 1, 2026, and the Regulations for the Implementation of the Value-added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), promulgated by the State Council on December 25, 2025, and became effective on January 1, 2026, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service- related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "**SAFE**"), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, domestic companies shall complete foreign exchange registration for their overseas listing with the foreign exchange authority at their place of SAFE Circular 19 registration within 15 working days after the completion of the overseas listing and issuance. Funds raised may be repatriated to China or retained overseas, provided their use aligns with disclosures in the document or other offering documents.

The Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") promulgated by SAFE on February 13, 2015 and amended on December 30, 2019, cancels the administrative approval requirements for foreign exchange registration of domestic direct investment and overseas direct investment, and simplifies foreign exchange-related registration procedures. Pursuant to SAFE Circular 13, investors shall complete registration with qualified banks for both domestic direct investment and overseas direct investment.

The Circular on the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which, among other things, amends certain provisions of the Circular on the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"). Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "**SAFE Circular 8**"), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

Pursuant to the Circular on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**SAFE Circular 7**"), promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

On September 12, 2025, the SAFE issued the Circular of the State Administration for Foreign Exchange on Deepening of Reform in the Administration of Foreign Exchange for Cross-border Investment and Financing (《關於深化跨境投融資外匯管理改革有關事宜的通知》) (the "**SAFE Circular 43**"), cancels the registration requirements for domestic reinvestment by foreign-invested

enterprises stipulated by the Circular on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革 促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"). Additionally, it further narrows the negative list governing the use of capital account income originally stipulated under the SAFE Circular 28. Pursuant to the SAFE Circular 43, the restriction about funds "shall not be used to purchase residential properties for non-self-use purposes (except for enterprises engaged in real estate development or leasing operations)" has been removed from the negative list. The remaining three categories of restrictions on the use of capital account income continue to apply: (i) funds shall not be directly or indirectly used for expenditures prohibited by laws and regulations; (ii) unless otherwise specified, funds shall not be directly or indirectly used for securities investment or other investment and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II); and (iii) funds shall not be used for granting loans to non-affiliated enterprises (except in the four Pilot Free Trade Zones of Shanghai, Guangzhou, Hainan, and Ningbo).

On December 26, 2025, the People's Bank of China (中國人民銀行) (the "**PBOC**") and the SAFE jointly promulgated the Circular on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which will become effective on April 1, 2026. Pursuant to this circular, a domestic enterprise shall complete the registration with the competent banks within 30 working days after the date of its initial overseas listing or the completion of the over-allotment. The proceeds raised may be remitted to the PRC or deposited overseas, provided that the use of funds shall be consistent with the relevant disclosure documents, Domestic shareholders increasing or decreasing their overseas shareholdings are also required to comply with the relevant registration and account management requirements.

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations relevant to the Company's operations and business. Laws and regulations relating to taxation and foreign exchange in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this [**REDACTED**]. The principal objective of this summary is to provide potential investors with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential investors. For discussion of laws and regulations that are specifically govern our business, see "Regulatory Overview" in this [**REDACTED**].

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**PRC Constitution**"), which was promulgated on September 20, 1954 and most recently amended and became effective on March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**PRC Legislation Law**"), which was adopted on March 15, 2000, amended on March 13, 2023 and became effective on March 15, 2023, the National People's Congress and its Standing Committee are empowered to exercise the legislative power of the State. The National People's Congress has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the National People's Congress is empowered to formulate and amend laws other than those required to be enacted by the National People's Congress and to supplement and amend parts of the laws enacted by the National People's Congress during the adjournment of the National People's Congress, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, People's Bank of China, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorization of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous

regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The National People's Congress has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but contravene the PRC Constitution or the PRC Legislation Law. The Standing Committee of the National People's Congress has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Pursuant to the PRC Constitution, the power to interpret laws is vested in the Standing Committee of the National People's Congress. Pursuant to the Resolution of the Standing Committee of the National People's Congress Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted or provided by the Standing Committee of the National People's Congress or provided by with decrees, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the specific application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the Standing Committee of National People's Congress for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution, the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》), both most recently amended on October 26, 2018 and came into effect on January 1, 2019, the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various local levels, and other special people's courts. The local people's courts at various local levels are divided into three levels, namely, the

primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels. The Chinese People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at a lower level which have been legally effective.

Under the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**PRC Civil Procedure Law**"), which is adopted on April 9, 1991, most recently amended on September 1, 2023 and became effective on January 1, 2024, the people's courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The PRC Civil Procedure Law prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

Foreign individuals, stateless persons, foreign enterprises or foreign organizations shall enjoy the same litigation rights and obligations as Chinese citizens, legal persons or other organizations when filing or responding to lawsuits in Chinese courts. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other

to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a legally effective judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognize and enforce the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a [**REDACTED**] on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) (the "**PRC Company Law**") which was promulgated by the Standing Committee of National People's Congress on December 29, 1993, and was most recently amended and came into effect on July 1, 2024.

- The 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》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines which were issued by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023 and came into effect on March 31, 2023 pursuant to the Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**") which were promulgated by the Standing Committee of the National People's Congress on December 29, 1998, most recently amended on December 28, 2019 and came into effect on March 1, 2020, which are applicable to the direct and indirect overseas securities offering or listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was most recently amended by the CSRC and came into effect on March 28, 2025. The Articles of Association is formulated based on the Guidance for Articles of Association and other relevant provisions of the CSRC on corporate governance to regulate corporate governance on a reference basis, the summary of which is set out in "Appendix V — Summary of the Articles of Association" to this [**REDACTED**].

Set out below is a summary of the major provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company (hereinafter referred to as the "**company**") refers to a corporate legal person established in China under the PRC Company Law, all of whose shares are either par shares or no-par shares in accordance with the provisions of its articles of association; in the case of par shares, the amount of each share is equal. The liability of the company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with relevant laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, a company may not be a capital contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or floatation. A company shall be incorporated by a minimum of one but no more than two hundred promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by floatation, the registered capital is the total paid-up capital as registered with the relevant registration authorities. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within thirty days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company.

Share Capital

Shareholders may make capital contributions in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law to the percentage of shares held by an individual shareholder in a company. A company may issue registered shares.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers and lists securities overseas, it may raise funds and make dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company shall maintain a register of shareholders which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the class and number of shares held by each shareholder;

(iii) the serial numbers of shares if the shares are issued in paper form; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares and if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

To offer overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers within thirty days or the National Enterprise Credit Information Publicity System after the resolution approving the reduction has been passed;

(iv) the creditors may within thirty days after receiving the notice, or within forty-five days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and

(v) where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilizing the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a company; and

(vi) where it is necessary for a listed company to maintain its corporate value and protect its stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorization by the general meeting.

The shares acquired by the company under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any law, administrative regulations or by the CSRC on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

Pursuant to the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office determined upon taking office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the Guidance for Articles of Association, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in compliance with the laws, regulations or the articles of association or whose voting has been conducted in an invalid manner, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory committee and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Pursuant to the Overseas Listing Trial Measures, a domestic company offering and listing overseas shall file with the CSRC as per requirement of such Measures, submit relevant materials that contain a filing report and legal opinions, and provide truthful, accurate and complete information on the shareholders, etc.

Shareholders' General Meetings

The shareholder's general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory committee or supervisors;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law and the Guidance for Articles of Association, a shareholders' general meeting is required to be held once every year within six months after the end of the previous accounting year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total paid in share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems necessary;

(v) the supervisory committee so proposes; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by more than half of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. If the supervisory committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting.

Pursuant to the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company specifying the agent's powers, the agenda items covered, and the duration of the authorization, and exercise voting rights within the scope of authorization.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Pursuant to the Company Law, a company shall have a board of directors composed of not less than three members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system; and

(x) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within ten days of receiving such proposal and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where no more than five years have elapsed since the date of completion of the sentence, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation of business license or shutdown order; or

(v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released from his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Supervisory Committee or Audit Committee

Pursuant to the PRC Company Law, a company shall have a supervisory committee composed of not less than three members. The supervisory committee shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory committee

shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of the supervisors. Directors and senior management shall not act concurrently as supervisors.

The chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory committee hall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory committee is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over meetings of the supervisory committee.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory committee may exercise its powers:

(i) to examine the company's financial operations;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of directors or senior management are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

A company may, in accordance with its articles of association, set up an audit committee consisting of directors on its board to exercise the powers and functions of the supervisory committee under the provisions of the PRC Company Law and may not have a supervisory committee or supervisors.

Pursuant to the PRC Company Law, an audit committee shall have three or more members, more than half of whom shall not hold any position within the company other than that of director and shall not have any relationship with the company that may affect their independent and objective judgment. Employee representatives serving as members of the company's board of directors may serve as members of the audit committee. Resolutions of the audit committee shall

be adopted by more than half of its members. Each member of the audit committee shall have one vote in the voting on resolutions. The procedures for deliberation and voting of the audit committee, unless otherwise stipulated by the PRC Company Law, shall be specified in the company's articles of association.

Where a listed company establishes an audit committee within its board of directors, the board of directors shall obtain the approval of more than half of all members of the audit committee before adopting resolutions on the following matters:

(i) engaging or dismissing an accounting firm undertaking the company's audit business;

(ii) appointing or dismissing the financial officer;

(iii) disclosure of financial and accounting reports; and

(iv) other matters stipulated by the CSRC.

Pursuant to the Guidance for Articles of Association, a listed company should set up audit committee to exercise the powers and functions of the supervisory committee provided in the PRC Company Law.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

The manager shall attend meetings of the board of directors as a non-voting attendee.

Pursuant to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the Company.

Directors and senior management are prohibited from:

(i) embezzling company property, misappropriation of the company's capital;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their own power;

(iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(v) unauthorized divulgence of confidential information of the company; and

(vi) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the supervisory committee and shall not interfere with the performance of duties by the supervisory committee or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

The Overseas Listing Trial Measures stipulate that the filing materials for overseas listing of domestic companies shall be true, accurate and complete, and shall not contain false records, misleading statements or material omissions. Domestic companies and their controlling shareholders, de facto controllers, directors, supervisors and senior management shall fulfill their obligations of information disclosure in accordance with the law, be honest, trustworthy, diligent and responsible and ensure that the filling materials are true, accurate and complete.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Upon the transfer of the statutory common reserve fund into capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Accounting Firm

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

Pursuant to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is drawn. At the same time, the Overseas Listing Trial Measures stipulate that domestic enterprises may raise funds and pay dividends in foreign currencies or RMB for overseas listings.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' general meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (i) or (ii) above, and it has not distributed the assets to its shareholders yet, the company may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within fifteen days from the date of occurrence of the cause of dissolution. The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any overdue tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to distribute the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment and publish an announcement in newspapers within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy liquidation in accordance with the laws. After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration. The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company, shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Demerger

Pursuant to the PRC Company Law, merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. The companies involved shall notify their creditors within ten days from the date of the resolution on the merger and make an announcement within thirty days. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement in newspaper or on the National Enterprise Credit Information Publicity System shall be made in the press within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement in the newspaper or the National Enterprise Credit Information Publicity System shall be made in the press within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares (including H Shares) issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the Standing Committee of the National People's Congress on August 31, 1994, and was last amended on September 1, 2017 and came into effect on January 1, 2018. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement.

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court:

(i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;

(ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;

(iv) the evidence on which the award is based is forged;

(v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;

(vi) the arbitrators have committed acts of embezzlement, bribery, favoritism and malpractices, or perverting the law in arbitrating the case.

If the people's court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the National People's Congress passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state

which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the Standing Committee of the National People's Congress declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) were passed at the Judicial Committee meetings of the Supreme People's Court on June 18, 1999, which came into effect on February 1, 2000. The Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) were promulgated by the Supreme People's Court on December 26, 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgment and its Enforcement

Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》), which was promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangements, judgments that can be recognized and enforced in both places are those made by Chinese mainland and Hong Kong Special Administrative Region courts on or after January 29, 2024. The mutually recognized and enforced judgments include monetary judgments and non-monetary judgments.

This Appendix is mainly providing investors with an overview on the Articles of Association of our Company. The following information is only a summary, not covering all the information that may be material to investors.

SHARES AND REGISTERED CAPITAL

The issuance of the shares of our Company shall be conducted in the principle of fairness and justness, and each share of the same class shall be entitled to equal rights. For shares issued at the same time and within the same class, it shall be issued in the same conditions and price; and subscribers shall pay the same price for each share they subscribe. The domestic unlisted shares issued by our Company shall be deposited at a domestic securities depository and settlement agency. The overseas [**REDACTED**] shares [**REDACTED**] by our Company may be deposited in accordance with applicable laws of Hong Kong and the general practice of securities registration and depository and may be held by the Shareholder in the name of an individual.

INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Decrease of Shares

According to the needs for the operation and development of our Company, and subject to applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, and requirements by relevant domestic and overseas securities regulatory authorities upon respective resolution by a Shareholders' meeting, our Company may increase its registered capital by any of the following means:

(1) issuing shares to non-specifically designated parties;

(2) issuing shares to specifically designated parties;

(3) distribution of bonus shares to existing Shareholders;

(4) converting the reserved funds into share capital; or

(5) other means stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and approved by or filed with the relevant domestic and overseas securities regulatory authorities.

To reduce its registered capital, our Company shall proceed in compliance with the PRC Company Law, the Listing Rules, other relevant applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

Repurchase of Shares

In any of the following circumstances, our Company may repurchase its issued shares in accordance with the PRC Company Law, the Listing Rules and other relevant applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association and subject to the registration or filing with the relevant domestic and overseas securities regulatory authorities:

(1) reducing the registered capital of our Company;

(2) merging with another company holding shares of our Company;

(3) using shares for stock incentive plans and employee stock plans;

(4) acquiring the shares of Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of our Company and request our Company to acquire their shares;

(5) using shares for converting corporate bonds issued by our Company convertible into shares;

(6) as required for our Company to maintain corporate value and Shareholders' interests; or

(7) other circumstances approved by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and regulatory authorities.

Any repurchase under circumstances (3), (5) or (6) above, subject to the requirements of the Listing Rules and the regulatory rules and guidelines of the Hong Kong Stock Exchange, shall be conducted through open and centralized trading.

A resolution of a Shareholders' meeting is required for repurchasing shares under circumstances (1) or (2) above. In accordance with the provisions of the Articles of Association or the authorization of the Shareholders' meeting, repurchase of shares under circumstances (3), (5) or (6) above may be resolved by a resolution of a meeting of the Board with a quorum of no less than two-thirds of Directors, unless otherwise provided by the Listing Rules. In compliance with securities regulatory provisions of the stock exchange [**REDACTED**] venue, the shares acquired under the above circumstance (1), shall be de-registered within ten days from the date of repurchase; the shares acquired under the above circumstances (2) or (4), shall be transferred or de-registered within six months; and the shares acquired under the above circumstances (3), (5) or (6), shall be transferred or de-registered within three years, and the shares held in total by our Company shall not exceed 10% of total shares issued by our Company. Where applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and domestic and overseas securities regulatory authorities provide otherwise regarding the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail.

Where our Company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the relevant requirements of domestic and overseas securities regulatory authorities.

Transfer of Shares

Unless otherwise required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association, the fully paid shares of our Company may be transferred freely. The transfer of overseas listed shares shall be registered with the local Hong Kong share registrar entrusted by our Company.

Shares issued by our Company prior to the [**REDACTED**] shall not be transferred within one year from the date our Company's shares are [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

The Directors and senior management of our Company shall report their shareholding in our Company and changes thereof to our Company, and during their tenure determined at the time of taking office, the shares transferred by them each year shall not exceed 25% of the total number of Company shares held by them; the shares held by them shall not be transferred within one year from the date when the shares of our Company are [**REDACTED**] and [**REDACTED**]; within half a year from departure from our Company, the aforesaid persons shall not transfer our Company shares held

by them. If applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue provide otherwise, such rules shall apply in the principle of strictness.

All transfers of overseas listed shares shall adopt the written transfer instrument in general or common format or any other form acceptable to the Board (including the standard transfer format or transfer form prescribed by Hong Kong Stock Exchange from time to time) or a form permitted by applicable laws, administrative regulations, department rules, regulatory documents, or securities regulatory provisions of the stock exchange [**REDACTED**] venue (including the standard transfer format or transfer form prescribed by Hong Kong Stock Exchange from time to time); the written transfer documents may only be manually signed with signatures, or (if the transferor or the transferee is a corporation) stamped with valid seals. If the transferor or transferee of the shares of our Company is a recognized clearing house or its nominee as defined by the relevant regulations in force from time to time under the laws of Hong Kong, the written transfer documents may be signed by hand or machine printing. All transfer documents must be placed at the legal address of our Company, the address of the transfer office or such other place as the Board may designate from time to time. If our Company refuses to register the transfer of shares, our Company shall, within two months from the date of the formal application for transfer, provide the transferor and transferee with a notice of refusal to register the transfer of the shares.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

Our Company establishes its register of Shareholders based on certificates provided by the securities registrar and the register of Shareholders shall be the prima facie evidence of share ownership, unless there is evidence to the contrary. Shareholders enjoy rights and assume obligations according to the class of shares they hold; each share of the same class shall bear the same rights and obligations.

The Shareholders of our Company shall be entitled to the following rights:

(1) receiving dividends and other forms of interest distribution in proportion to their shareholdings;

(2) requiring, convening, chairing, attending by person or by proxy a Shareholders' meeting pursuant to the laws, and exercising the relevant speaking right, inquiry right and voting right at the meeting (except for waiver of voting right required by the securities regulatory rules in the jurisdiction where our Company's shares are listed);

(3) supervising, presenting suggestions on or making inquiries about the business operation of our Company;

(4) transferring, gifting or pledging the shares held by them, in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(5) accessing and replicating the Articles of Association, the register of Shareholders, minutes of Shareholders' meeting, resolutions of Board and publicly disclosed financial data and accounting reports;

(6) participating in the distribution of residual assets of our Company in proportion to their shareholdings, upon termination or liquidation of our Company;

(7) for Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of our Company, requesting our Company to acquire its shares; and

(8) any other rights stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association.

In the event that any resolution by the Shareholders' meeting or the Board meeting violates applicable laws and administrative regulations, the Shareholders may request people's court to invalidate such a resolution. In the event that the convening procedures or voting means of the Shareholders' meeting or the Board meeting violate applicable laws, administrative regulations or the Articles of Association, or any resolution violates the Articles of Association, Shareholders may request people's court to withdraw such resolution within sixty days from the date of resolution, unless there are only minor defects in the convening procedures or voting means of the Shareholders' meeting or the Board meeting, which do not have a material impact on the resolutions.

The Shareholders of our Company shall undertake the following obligations:

(1) abiding by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(2) making payment according to the number of shares subscribed for and the manners of subscription;

(3) not withdrawing the shares, unless otherwise stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(4) not abusing Shareholder's rights to harm the interests of our Company or other Shareholders; not abusing the independent legal person status of our Company and the limited liability of Shareholders to harm the interests of our Company's creditors; and

(5) any other obligations stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

Any Shareholder who abuses Shareholder's rights causing losses to our Company or other Shareholders shall be liable for compensation pursuant to the laws. Any Shareholder who abuses the independent legal person status of our Company and the limited liability of Shareholders to evade debts and severely infringe upon the interests of our Company's creditors shall be held jointly and severally liable for our Company's debts.

Controlling Shareholder and Actual Controller

The controlling Shareholder and actual controller of our Company shall exercise their rights and perform their obligations pursuant to the provisions of applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, and domestic and foreign securities regulatory requirements, protect the interests of our Company. The controlling Shareholder and actual controller of our Company shall comply with the following provisions:

(1) exercise shareholder rights in accordance with the law, and shall not abuse controlling rights or use connected relationships to harm the legitimate rights and interests of our Company or other shareholders;

(2) strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or waive them;

(3) strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with our Company in information disclosure work, and promptly inform our Company of any major events that have occurred or are planned to occur;

(4) shall not occupy Company's funds in any form;

(5) shall not compel, direct, or require our Company and its personnel to provide illegal or non-compliant guarantees;

(6) shall not use our Company's undisclosed material information for personal gain, disclose any undisclosed material information related to our Company in any form, or engage in illegal or non-compliant activities such as insider trading, short-swing trading, or market manipulation;

(7) shall not harm the legitimate rights and interests of our Company and other Shareholders through non-arm's length connected transactions, profit distribution, asset restructuring, external investments, or any other means;

(8) ensure our Company's asset integrity, personnel independence, financial independence, organizational independence and business independence, and shall not affect our Company's independence in any way; and

(9) other provisions stipulated by applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

If our Company's controlling shareholder or actual controller does not serve as a director but de facto manages our Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary duties and duty of diligence shall apply.

If our Company's controlling shareholder or actual controller instructs a director or senior management personnel to engage in conduct that harms the interests of our Company or its Shareholders, such controlling shareholder or actual controller shall bear joint and several liability with such director or senior management personnel.

General Rules for Shareholders' Meetings

The Shareholders' meeting is the organ of authority of our Company, and shall duly exercise the following functions and powers:

(1) to elect and remove any Director and to determine the remuneration of the relevant Directors;

(2) to review and approve the reports of the Board;

(3) to review and approve our Company's annual financial budget plan and final accounts plan;

(4) to review and approve our Company's annual report;

(5) to review and approve our Company's profit distribution plans and loss recovery plans;

(6) to resolve on our Company's increase/decrease of registered capital;

(7) to resolve on our Company's issuance of bonds or any class of shares, warrants and other similar securities as well as the [**REDACTED**];

(8) to resolve on our Company's merger, division, spin-off, dissolution, liquidation or change of its corporate form;

(9) to amend the Articles of Association;

(10) to decide on the engagement or dismissal of the accounting firm and the audit fee of the accounting firm;

(11) to review and approve the motions proposed by Shareholder(s) individually or jointly holding at least 1% voting shares of our Company;

(12) to review and approve the relevant transactions and guarantee matters required to be resolved by the Shareholders' meeting as specifically provided in the Articles of Association;

(13) to review and approve transactions between our Company and its connected persons that meet the requirements for approval by the Shareholders' meeting under Listing Rules;

(14) to review and approve our Company's purchase or disposals of material assets accumulated within one year in the amount exceeding 30% of the latest audited total assets of our Company;

(15) to review and approve the change in the use of raised proceeds;

(16) to review and approve the stock incentive plans and employee stock plans;

(17) to adopt resolutions on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association; and

(18) other matters to be decided by Shareholders' meeting under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

There are two types of Shareholders' meetings, namely annual Shareholders' meeting and extraordinary Shareholders' meeting. The annual Shareholders' meeting shall be convened once a year and shall be held within six months from the end of last accounting year.

The extraordinary Shareholders' meeting shall be convened within two months from the date of occurrence of any of the following events:

(1) the number of Directors is less than two-thirds of the quorum required by the PRC Company Law, or less than two-thirds of the quorum required by the Articles of Association;

(2) the outstanding losses of our Company account for one-third of our Company's total share capital;

(3) Shareholder(s) individually or jointly holding at least 10% shares of our Company send(s) a written request for meeting;

(4) the Board deems necessary;

(5) the Audit Committee proposes to convene the meeting;

(6) more than two independent non-executive Directors propose to convene the meeting; or

(7) other circumstances under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association.

The motions proposed by the convener shall be included in the agenda of the Shareholders' meeting under circumstances (3), (4),(5), or (6) above.

Convening of Shareholders' Meetings

With the approval of more than half of all independent non-executive Directors, the independent non-executive Directors may propose to convene an extraordinary Shareholders' meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' meeting within ten days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions. In the event that the Board declines to convene an extraordinary Shareholders' meeting, the Board shall specify the reasons and make an announcement.

The Audit Committee may propose in writing to convene an extraordinary Shareholders' meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' meeting within ten days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original proposal in such notice shall be agreed upon by the Audit Committee. In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond within ten days, it shall be deemed to be unable or to fail to fulfill its duty to convene a Shareholders' meeting and then the Audit Committee may convene and preside over the meeting on its own.

Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' meeting to the Board and specify the subject of the meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, and the Articles of Association for the meeting, the Board shall provide written feedback on whether to agree or disagree with the request to convene such extraordinary Shareholders' meeting within ten days after receiving the request. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond in writing within ten days after receiving the request, Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' meeting to the Audit Committee. In the event the Audit Committee agrees to convene an extraordinary Shareholders' meeting, the Audit Committee

shall issue an extraordinary Shareholders' meeting notice within five days of receiving such request, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Audit Committee fails to issue the notice within the time limit, it shall be deemed to fail to convene and chair a Shareholders' meeting, and then the Shareholder(s) individually or collectively holding 10% or more of shares for at least ninety consecutive days may convene and chair the meeting on its/their own.

In the event of the Audit Committee or the Shareholder(s) convening and holding a Shareholders' meeting on its/their own, the necessary expenses incurred for such meeting shall be borne by our Company, which may be recovered by deducting the amount from any sums due to any defaulting Director(s) by our Company.

Notice of Shareholders' Meetings

To hold an annual Shareholders' meeting, the convener shall notify all Shareholders by announcement twenty-one days in advance. To hold an extraordinary Shareholders' meeting, the convener shall notify all Shareholders by announcement ten business days or fifteen days (whichever is longer) in advance. If applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association provide otherwise, such rules shall apply. The period shall exclude the date on which the meeting is convened.

The notice of Shareholders' meeting shall be made in writing (including paper documents or electronic documents that meet the requirements of the relevant regulatory rules of the [**REDACTED**] venue) and include the following:

(1) the time, place and duration of meeting;

(2) convening method of the meeting;

(3) matters and proposals submitted to the meeting for review;

(4) If any Director or senior officer has a material interest in the matter to be discussed at the meeting, the nature and degree of interest shall be disclosed; if the influence of the matter to be discussed on such a Director or senior officer in their capacity as Shareholders is different from the influence on other Shareholders, such difference shall be explained;

(5) meeting materials necessary for Shareholder's voting;

(6) explain in conspicuous words that all Shareholders have the right to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and participate in the vote, and the Shareholder proxy need not be a Shareholder of our Company;

(7) state the time and address of delivery of the power of attorney for the voting proxy;

(8) share registration date of the Shareholders entitled to attend the Shareholders' meeting;

(9) the convener and chair of a meeting, the proposer of an extraordinary Shareholders' meeting and the proposer's written proposal;

(10) name and telephone number of the permanent contact person for conference affairs;

(11) time and voting procedures for online or other method of voting; and

(12) the notice and supplementary notice shall contain information as required by Listing Rules and the Articles of Association and shall fully, completely and accurately disclose the specific contents of all proposals and all the information or explanations necessary for the Shareholders to make reasonable judgment on the proposed matters. In case the opinions of independent non-executive Directors are necessary for matters to be discussed, the opinions and reasons given by independent non-executive Directors shall be disclosed at the same time when the Shareholders' meeting notice or supplementary notice is issued.

Proposals at Shareholders' Meetings

When our Company convenes a Shareholders' meeting, the Shareholder(s) individually or jointly holding 1% or more of shares of our Company are entitled to put forward new proposals to our Company and submit them in writing to the convener ten days in advance, and the convener of the Shareholders' meeting shall issue a supplemental notice of Shareholders' meeting, announcing the contents of the new proposals, within two days after receiving such proposals, and include the matters in the new proposals that fall within the scope of authorities of the Shareholders' meeting in the agenda of the meeting and submit the same to the Shareholders' meeting for deliberation.

Proxy at Shareholders' Meetings

A Shareholder may appoint one or more persons (such persons need not be Shareholders) as proxies to attend and vote within the authorization scope on the Shareholders behalf.

The power of attorney issued by any Shareholder for appointing a proxy to attend the Shareholders' meeting shall include the instructions to vote for, vote against or abstain from each matter to be discussed as listed in the agenda of the Shareholders' meeting. Such power of attorney shall specify whether the proxy may vote at his/her own discretion in absence of instructions from the Shareholder. If it is not specified, it shall be deemed that the proxy is entitled to vote at his/her own discretion.

Where the appointing Shareholder dies, loses the capacity to act, withdraws the power of attorney, withdraws the authorization to sign the power of attorney or where the relevant shares have been assigned before voting, the vote made by the proxy so appointed shall be still valid, as long as our Company did not receive a notice in writing of such events before meeting.

Resolutions of Shareholders' Meetings

There are two kinds of resolutions made at Shareholders' meeting, namely ordinary resolutions and special resolutions. Ordinary resolutions shall be approved by more than half of voting rights held by the Shareholders (including proxies) attending the Shareholders' meeting. Special resolutions shall be approved by above two-thirds of the voting rights held by Shareholders (including proxies) attending the Shareholders' meeting.

A Shareholder or proxy shall exercise its voting rights pertaining to the voting shares held by it when voting at Shareholders' meeting, and each share shall have one vote. When voting on shares, Shareholders (including their proxies) with two or more voting rights are not required to cast all their votes in favor, against or in abstention on a proposal. However, there is no voting rights attached to the shares held by our Company, and such portion of shares shall not be included in the total number of shares with voting rights at Shareholders' meeting.

When the matters of connected transactions (as defined in the Listing Rules) are reviewed at Shareholders' meeting, connected Shareholders or their close associates (as defined in the Listing Rules) shall not vote, and the number of voting shares held by them shall not be included in the total number of valid votes. The announcement on resolution of Shareholders' meeting shall fully disclose the voting results of non-connected Shareholders. Before the Shareholders' meeting

reviews connected transactions, our Company shall determine the scope of connected Shareholders in accordance with applicable laws, administrative regulations, departmental rules, normative documents, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue. Connected Shareholders or their proxies may attend the Shareholders' meeting and express their views to the attending Shareholders in accordance with the meeting procedures.

The following matters shall be approved by ordinary resolutions at the Shareholders' meeting:

(1) the election and replacement of Directors, determination of matters related to the remuneration of Directors;

(2) the work report of the Board;

(3) our Company's annual report;

(4) our Company's annual financial budgets and final accounts plan formulated by the Board of Directors;

(5) the profit distribution plan and plan for covering losses formulated by the Board;

(6) the issuance of any class of shares, warrants and other similar securities as well as the [**REDACTED**] of our Company (provided that such matters have not been delegated to the Board by the Shareholders' meeting);

(7) the engagement and dismissal of the accounting firm(s) undertaking our Company's auditing services, and the determination the auditing fees for the accounting firm(s);

(8) certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association;

(9) the relevant transactions and guarantee matters required to be resolved by the Shareholders' meeting as specifically provided in the Articles of Association;

(10) connected transactions between our Company and its connected persons that meet the requirements for approval by the Shareholders' meeting under the Listing Rules;

(11) change in the use of raised proceeds;

(12) the stock incentive plans and employee stock plans; and

(13) other matters to be decided by the Shareholders' meeting other than those required to be approved by a special resolution under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

The following matters shall be approved by special resolutions at the Shareholders' meeting:

(1) the increase or decrease of share capital of our Company;

(2) the merger, division, spin-off, termination, dissolution, liquidation or change of organizational form of our Company;

(3) the amendment to the Articles of Association;

(4) the purchase, disposals of material assets or provision of guarantees accumulated within one year in the amount exceeding 30% of latest audited total assets of our Company; and

(5) any other matters to be approved by extraordinary resolutions as required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association as well as other matters that are determined by the ordinary resolutions of the Shareholders' meeting to have a significant impact on our Company and require to be approved by special resolutions.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

The Directors of our Company shall be natural persons.

Directors shall be elected or replaced at Shareholders' meeting, for a tenure of three years. Upon the expiration of his tenure, a Director may be re-elected and serve consecutive terms.

The tenure of the Director shall be from the date of appointment to the expiry of tenure of the current Board. If a Director's tenure expires but an alternate Director is not elected in time, then before the alternate Director holds office, the original Director shall still perform the duties as Director, in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

A Director may propose resignation before expiry of tenure, by filing a resignation report in writing to the Board. The Board will disclose the relevant information within the time limit specified by applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue. Directors shall not evade their responsibilities through resignation or other means. If the resignation of a Director causes the number of Board members to be less than the quorum, then before the alternate Director holds office, the original Director shall still perform the duties as Director under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association. Otherwise, a Director's resignation shall be effective from the time such resignation report is delivered to the Board.

Chairman

The Board shall have one chairman and may have several vice chairmen, who shall be elected by more than half of Directors.

The chairman of the Board shall exercise the following powers and functions:

(1) leading the Board and ensuring the effective operation of the Board;

(2) presiding over Shareholders' meetings, convening and presiding over Board meetings, formulating and approving the agenda for each Board meeting, taking into account any matters proposed to be added to the agenda by other Directors where appropriate, and ensuring that all Directors at the Board meeting are properly informed of such matters;

(3) supervising and inspecting the implementation of resolutions of the Board;

(4) signing the securities issued by our Company;

(5) signing the important documents of the Board within the scope of authorization by the Board and other documents which shall be signed by the legal representative of our Company, and to exercise the authorities of the legal representative;

(6) in the event of extraordinary natural disasters, infectious disease epidemics or other force majeure emergencies, exercising special disposal rights for our Company's affairs that are in line with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association and the interests of our Company, and reporting to our Company's Board and Shareholders' meeting afterwards;

(7) ensuring that Directors receive adequate information in a timely manner and that such information is accurate, clear, complete and reliable;

(8) ensuring that appropriate measures are taken to maintain effective liaison with Shareholders and ensuring that Shareholders' opinions can be conveyed to the entire Board;

(9) ensuring that good corporate governance practices and procedures are formulated by our Company;

(10) encouraging dissenting Directors to express their concerned matters, providing adequate time to discuss these matters, and ensuring that the resolutions of the Board can fairly reflect the consensus of the Board;

(11) examining and approving other matters beyond the scope of authorities of the Shareholders' meeting, the Board and the general manager prescribed by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association; and

(12) other duties granted by the Board.

Where the chairman is incapable of performing or fails to perform its duties, such duties shall be performed by vice chairmen; where the vice chairmen is incapable of performing of fails to perform its duties, such duties shall be performed by a Director jointly elected by more than half of Directors.

Board

Our Company sets up the Board, composed of 9 Directors. Directors of our Company shall be divided into executive Directors, non-executive Directors and independent non-executive Directors. The number of independent non-executive Directors shall account for at least one-third of the total number of the Board and shall be no less than three.

The Board shall exercise the following functions and powers:

(1) convening the Shareholders' meeting and submitting work reports to the Shareholders' meetings;

(2) implementing resolutions of the Shareholders' meetings;

(3) determining the operating plans and investment schemes of our Company;

(4) formulating our Company's annual financial budget plan and final accounts plan;

(5) formulating the profit distribution plan and loss makeup plan of our Company;

(6) formulating our Company's plans for increase or decrease of the registered capital, issuance of corporate bonds or other securities, or [**REDACTED**] plans;

(7) reviewing and approving the conversion of the domestic unlisted shares held by the Shareholders of our Company into overseas listed shares and the [**REDACTED**] and trading thereof on the Hong Kong Stock Exchange;

(8) contemplating the plans for major acquisitions, share repurchase, merger, division, dissolution or change of corporate form of our Company;

(9) deciding, to the extent authorized by the Shareholders' meeting, our Company's external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, connected transactions, external donations and other matters;

(10) deciding on the setup of internal management bodies of our Company;

(11) deciding on the appointment or dismissal of our Company's general manager, Board secretary and other senior management personnel, and determining their remuneration and reward/punishment matters; Based on the nomination of the general manager, deciding on the appointment or dismissal of our Company's deputy general manager, the person in charge of finance (or chief financial officer, the same as below), etc. and determining their remuneration and reward/punishment matters;

(12) formulating and reviewing the fundamental management systems of our Company as well as business regulation policies and practices;

(13) formulating the stock incentive plans and employee stock plans;

(14) formulating the modification plan of the Articles of Association;

(15) managing the information disclosure of our Company;

(16) proposing to the Shareholders' meeting the engagement or replacement of the accounting firm undertaking our Company's audit services;

(17) hearing the work reports by the general manager of our Company and inspecting the work performed by the general manager;

(18) reviewing and supervising of the training and continuing professional development of Directors and senior management personnel;

(19) reviewing and supervising our Company's policies and practice in respect of compliance with applicable laws, administrative regulations, departmental rules, normative documents, and securities regulatory rules of the place where the shares are listed;

(20) reviewing Company Compliance with the Code on Corporate Governance (Appendix C1 of the Hong Kong Listing Rules) and Disclosure in the Corporate Governance Reports;

(21) changes in the main business of our Company and access to new business areas;

(22) resolving on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association; and

(23) any other functions and powers granted by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, the Articles of Association or the Shareholders' meeting.

Upon the consent of more than half of the Board, the chairman may be authorized to exercise certain functions and powers of the Board when it is not in session, which shall be determined by the Board resolutions. However, major matters of our Company shall be decided collectively by the Board. The statutory functions and powers that should be exercised by the Board shall not be delegated to the chairman, the general manager or others.

The Board shall explain to Shareholders' meeting about the non-standard audit opinions issued by the CPA firm against the financial statements of our Company.

The Board may hold two kinds of meetings, namely regular meetings and interim meetings. The Board shall hold at least four regular meetings per year, approximately once every quarter, convened by the chairman. The chairman shall hold at least one meeting annually with the independent non-executive Directors without the presence of other Directors. The notice and relevant documents for the regular meeting shall be delivered to all Directors at least fourteen days prior to the date of regular meetings (excluding the day on which the meeting is held) for the purpose of enabling all Directors to attend the meeting.

The notice of interim meetings shall be sent to all Directors five days prior to the date of interim meetings by fax, e-mail or other means. In an emergency requiring the Board to hold an interim meeting as soon as possible, the notice of meeting may be given by telephone or other oral means, provided that the convener shall make explanations at the meeting. With the consent of all Directors of our Company, the notification time limit specified as the foregoing may be waived.

A meeting of the Board may not be held without more than half of Directors being present. To determine whether a quorum of the meeting exists, any Director who or whose close associates (as defined in the Listing Rules) has an interest in or has a connection with any matter to be resolved at the meeting or is required to abstain from voting according to the Listing Rules shall not be counted.

Every Director may cast one vote. A motion at the meeting of the Board may be passed as resolution by a simple majority of all Directors unless otherwise required by the Articles of Association, and any Director who or whose close associates (as defined in the Listing Rules) has an interest in or has a connection with any matter to be resolved at the meeting, or is required to abstain from voting according to the Listing Rules shall abstain from voting, nor shall they exercise voting rights on behalf of other Directors. Where the number of Directors who are not related (even connected) Directors attending the meeting is less than three persons, such proposal shall not be voted on and the matter shall be submitted to the Shareholders' meeting for deliberation.

Directors shall attend Board meetings in person or actively participate in Board meetings through electronic means. A Director who is unable to attend a meeting for any reason shall appoint another Director to attend a Board meeting on its behalf in writing, and the appointed Director shall issue the power of attorney to the Board. The appointed Director shall exercise the rights as Director within the scope of authorization. The failure of a Director to attend a Board meeting in person or by proxy shall be deemed as forfeiting his/her voting rights at such meeting.

Board Special Committees

Audit Committee

The Board shall establish an Audit Committee. The Audit Committee shall comprise at least three members, all of whom must be non-executive Directors and may not serve as senior management of our Company. A majority shall be independent non-executive Directors, and at least one member shall be an independent non-executive Director who possesses either (1) an appropriate professional qualification recognized under the Hong Kong Listing Rules or (2) appropriate accounting or related financial-management expertise. The chairman must be an independent non-executive Director. In addition, more than half of the members may not hold any position in

our Company other than that of Director and may not have any relationship with our Company that could affect their independent and objective judgment. Employee-representative Directors on the Board may serve on the Audit Committee. A former partner of our Company's current external auditor is ineligible to serve on the Audit Committee for two years from the later of (1) the date he or she ceased to be a partner of the audit firm, or (2) the date he or she no longer holds any financial interest in the firm.

The Audit Committee is responsible for reviewing our Company's financial information and its disclosure, supervising and evaluating the work of both internal and external auditors, and assessing internal controls. The following matters must be approved by a majority of all Audit Committee members before being submitted to the Board for consideration:

(1) the disclosure of financial information in financial statements and periodic reports, as well as internal-control evaluation reports;

(2) the engagement or dismissal of the accounting firm undertaking our Company's auditing service;

(3) the appointment or dismissal of the person in charge of finance of our Company;

(4) changes in accounting policies or estimates, or corrections of material accounting errors, other than those resulting from changes in accounting standards;

(5) any other matters required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue the Articles of Association, or domestic and foreign securities regulators.

The Audit Committee shall meet at least once each quarter. Extraordinary meetings may be convened upon the request of two or more members or whenever the convener deems it necessary. An Audit Committee meeting may be held only when at least two-thirds of its members are present, one of whom must be an independent non-executive Director. Resolutions of the Audit Committee shall be adopted by a simple majority of its members. Each member is entitled to one vote. Minutes of the meeting shall be prepared in accordance with applicable requirements and signed by all attending members. The Board shall adopt detailed rules governing the Audit Committee's work.

Nomination Committee and Remuneration Committee

The Board shall establish a Nomination Committee and a Remuneration Committee, which shall perform their duties in accordance with the Articles of Association and the Board's authorization. Proposals adopted by these committees shall be submitted to the Board for decision. The Board shall adopt detailed rules governing each committee's work.

The Nomination Committee shall be chaired by the Chairman of the Board or an independent non-executive Director; a majority of its members shall be independent non-executive Directors and it shall include at least one Director of a different gender.

The Remuneration Committee shall be chaired by an independent non-executive Director; a majority of its members shall be independent non-executive Directors.

The Nomination Committee is responsible for establishing selection criteria and procedures for Directors and senior management, identifying and reviewing candidates and their qualifications, and making recommendations to the Board on:

(1) the nomination or removal of Directors;

(2) the appointment or dismissal of senior management;

(3) any other matters required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, or the Articles of Association.

Where the Board does not adopt, or only partially adopts, the Nomination Committee's recommendations, the Board resolution must set out the committee's views and the specific reasons for non-adoption, and such information must be disclosed.

The Remuneration Committee is responsible for formulating performance-evaluation standards for Directors and senior management, conducting such evaluations, and designing, reviewing and recommending policies and procedures governing remuneration decisions, payment and claw-back arrangements. It shall advise the Board on:

(1) the remuneration of Directors and senior management;

(2) the adoption or amendment of equity-incentive plans or employee-share-ownership plans, and the fulfilment of conditions for the grant or exercise of benefits under such plans;

(3) arrangements for Directors and senior management to hold shares in a subsidiary proposed to be spun off;

(4) any other matters required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, or the Articles of Association.

Where the Board does not adopt, or only partially adopts, the Remuneration Committee's recommendations, the Board resolution must set out the committee's views and the specific reasons for non-adoption, and such information must be disclosed.

Senior Management

Our Company shall have one general manager, to be appointed or dismissed by the Board. Our Company may appoint one or more Deputy General Managers; upon nomination by the General Manager, the Board shall decide on their appointment or dismissal. Deputy General Managers shall assist the General Manager in handling our Company's affairs.

The term of office of the general manager shall be three years and may be re-elected and serve consecutive terms.

The general manager shall be responsible to the Board, and exercises the following functions and powers:

(1) taking charge of the production, operation and management of our Company, organizing the implementation of resolutions made at Board meetings and reporting to the Board;

(2) organizing the implementation of the annual operation plan and investment plan of our Company;

(3) contemplating the internal management setup plan of our Company;

(4) contemplating the fundamental management system of our Company;

(5) formulating the specific rules and regulations of our Company;

(6) requesting the Board to appoint or dismiss our Company's deputy general manager and the person in charge of finance;

(7) appointing or dismissing a manager other than those who should be appointed or dismissed by the Board;

(8) deciding on the salaries, benefits, rewards and punishments for our Company's employees, and deciding on the employment and dismissal of our Company's staff in accordance with the relevant provisions formulated by the Shareholders' meeting and the Board;

(9) representing our Company to sign various contracts, agreements and other legal documents related to our Company's daily production and business operations in accordance with the authorization of the Board of Directors and the provisions of the Articles of Association;

(10) approving matters such as foreign investments, asset acquisitions and disposals, asset mortgages, external guarantees, entrusted investments, related-party transactions, and external donations that do not meet the standards set by the Board; and

(11) other duties authorized by the Articles of Association or the Board.

The senior management shall faithfully perform his/her duties and safeguard the maximum interest of our Company and all Shareholders. If the senior management fails to faithfully perform their duties or violate their integrity obligations, causing damage to the interest of our Company and the public Shareholders, they shall bear compensation liability in accordance with the law.

Eligibility and Obligations of Directors and Senior Management

Any of the following persons shall not act as Director, general manager or other senior management of our Company:

(1) who has no or limited civil capacity;

(2) who was sentenced for corruption, bribery, embezzlement or misappropriation of properties or destruction of the order of socialist market-oriented economy, and the execution of such sentence has expired for no more than five years; or who was deprived of political rights due to any crime, and the execution of such deprivation has expired for no more than five years, and for those who have been declared on probation, the probation period has expired for no more than two years;

(3) who acted as Director, factory manager, manager of a Company or enterprise in bankruptcy liquidation, and was personally liable for the bankruptcy of such a company or enterprise, and a three-year period has not elapsed since the completion of bankruptcy liquidation of such company or enterprise;

(4) who acted as the legal representative of a company or enterprise whose business license was revoked, or which was ordered to close down due to violation of law and who is personally liable, and a three-year period has not elapsed since the revocation of the business license or the closure of such company or enterprise;

(5) who has a significant amount of due and outstanding debts and was listed as dishonest person subjected to enforcement by the people's court;

(6) who has been barred from the securities market by the CSRC for a certain period of time and such period has not expired yet;

(7) who have been publicly identified by the stock exchange [**REDACTED**] venue as unsuitable for serving as Directors or senior management personnel of listed companies, and such period has not expired yet; or

(8) any other circumstances stipulated by applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue.

The Directors shall comply with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association and assume the duty of loyalty to our Company. Such obligations include:

(1) shall not accept any bribery or other illegal income by using his or her powers and position;

(2) shall not embezzle our Company's property or misappropriate our Company's funds;

(3) shall not open accounts in his/her own name or in the names of others to deposit funds or assets of our Company;

(4) shall not lend our Company's funds to others or pledge Company's properties in favor of others in violation of the Articles of Association or without the approval of the Shareholders' meeting or the Board;

(5) shall not accept commission for transactions with our Company as personal gains;

(6) shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to our Company, except for those that our Company may not take the advantage of as resolved by the Board or the Shareholders' meeting or as stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(7) shall not engage in business like those of our Company for themselves or others, without the approval of the Board or the Shareholders' meeting in accordance with the Articles of Association;

(8) shall not conclude any contract directly or indirectly with our Company without the approval of the Board or the Shareholders' meeting in accordance with the Articles of Association; these provisions shall apply to the close relatives of Directors or enterprises directly or indirectly controlled by their close relatives, as well as connected persons with other connections with Directors where they conclude contracts or conduct transactions with our Company;

(9) shall not disclose any confidential information involving our Company without authorization;

(10) shall not impair the interests of our Company through connected relationship; and

(11) other loyalty obligations provided under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

The senior management assume the aforementioned duty of loyalty.

The Directors shall comply with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association and assume the duty of diligence to our Company. Such obligations include:

(1) shall exercise the powers granted by our Company carefully, faithfully and diligently to ensure the business carried out by our Company is in compliance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and economic policies of the state, and such business activities are within the scope of business scope specified in our Company's business license;

(2) shall treat all Shareholders equally;

(3) shall stay informed with the business and operation of our Company timely;

(4) shall sign the written confirmation opinions on our Company's regular reports, and ensure that the information disclosed by our Company is true, accurate, and complete;

(5) shall provide relevant information and materials to the Audit Committee truthfully and shall not hinder the Audit Committee from performing their duty; and

(6) other diligence obligations in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

The senior management assume the aforementioned obligations.

FINANCIAL ACCOUNTING POLICY

Our Company formulates the financial and accounting system according to applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue.

The Board shall submit the financial reports prepared by our Company as required by applicable laws, administrative regulations, departmental rules, normative documents as well as securities regulatory provisions of the stock exchange [**REDACTED**] venue to Shareholders at each annual Shareholders' meeting. Our Company shall not establish other accounting books other than those required by laws. Our Company's assets shall not be deposited into any account opened in the name of any individual person.

The financial report shall be made available for Shareholders' inspection twenty-one days prior to the annual Shareholders' meeting. The foregoing financial report shall include the Board report, the balance sheet (including various documents as required to be attached by the PRC or other applicable laws, administrative regulations, department rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue) and the profit and loss statement (income statement) or income and expenditure statement (cash flow statement) or a financial summary report approved by the Hong Kong Stock Exchange (provided that there will be no violation of applicable PRC laws, administrative regulations, departmental rules or normative documents).

Our Company shall publish the financial reports at international or Hong Kong accounting standards twice each accounting year, that is, publish the annual report within four months from the end of said accounting year, and publish the interim report within three months from the end of the first six months of an accounting year. Our Company shall publish the annual performance announcement within three months from the end of an accounting year and publish the interim

performance announcement within two months from the end of the first six months of an accounting year. Our Company shall prepare the above-mentioned annual report and interim report in accordance with applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory provisions of the stock exchange [**REDACTED**] venue, and report, disclose and/or submit the annual report and interim report and other documents to Shareholders. If the relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, or the domestic and overseas securities regulatory authorities provide otherwise, such provisions shall prevail.

PROFITS DISTRIBUTION

To distribute after-tax profits for the current year, our Company shall allocate 10% of profits for the statutory reserves of our Company. If the cumulative amount of statutory reserves exceeds 50% of the registered capital of our Company, no further allocation is required. If the statutory reserves are insufficient to make up for previous losses, then our Company shall firstly make up for previous losses with current profits, before any allocation is made to the statutory reserves in accordance with the preceding sentence.

After foregoing provision for statutory reserves, our Company may also draw discretionary reserves from after-tax profits, subject to the resolution of the Shareholder's meeting.

The remaining after-tax profits after loss makeup and provisions for reserves shall be distributed to Shareholders in proportion to their shareholding percentages, except for those that are not distributed in proportion to the shareholding percentages as stipulated in the Articles of Association.

If the Shareholder's meeting breaches the foregoing provisions and distributes profits to Shareholders before losses are made up and the statutory reserves are drawn, then Shareholders shall refund the distributed profits to our Company in violation of the foregoing provisions. Where such violation causes losses to our Company, Shareholders and duty-bound Directors and senior officers shall be jointly and severally liable for compensation.

The shares held by our Company per se shall not participate in the profit distribution.

The reserves of our Company are used to make up losses, expand business, or increase the registered capital of our Company. To make up for our Company's losses, the discretionary reserves and statutory reserves should be used first; if it is still unable to make up for it, the capital reserves can be used in accordance with relevant provisions.

When the statutory reserves are converted into capital, the remaining amount of said reserves shall not be less than 25% of the registered capital of our Company before such conversion.

After the Shareholders' meeting of our Company has resolved on the profit distribution plan, the Board shall complete the distribution of dividends within six months from the date of the Shareholders' meeting.

The holder of any shares shall be entitled to interest on amounts paid in advance of a call by our Company, provided that no Shareholder shall have the right to participate in dividends declared after such advance payment in respect of the prepaid amount.

Our Company shall appoint a collection agent for the holders of overseas listed shares, who shall receive the dividends and other payables of our Company in respect of overseas listed shares, on behalf of said Shareholders.

The collection agent appointed by our Company shall meet the requirements of laws of Hong Kong and the relevant regulations of Hong Kong Stock Exchange.

The collection agent appointed by our Company for the holders of overseas shares listed in Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and Listing Rules, our Company may forfeit any dividend unclaimed, provided that such power of forfeiture shall not be exercised before the expiration of its applicable limitation period.

Our Company also has the power to terminate the delivery of a dividend warrant by post to a holder of offshore listed shares; provided that our Company may exercise such power of termination only if the cash on such dividend warrant is not withdrawn consecutively two times or more. However, our Company may also exercise this power if the dividend warrant has been returned undelivered to the recipient on the first attempt.

Our Company has the right to issue warrants to bearer holders. No new warrant shall be issued to replace a lost warrant unless it is reasonably assured that the original warrant has been lost. Our Company shall have the power to sell the shares of offshore listed Shareholders who have been unable to contact in such a manner as the Board may think appropriate, provided, however, that:

(1) dividends are distributed onto such shares at least three times within twelve years, but such dividends are unclaimed in such period; and

(2) upon expiration of the twelve-year period, our Company shall publish a public announcement on one or more newspapers in Hong Kong, specifying the intention to sell such shares, and shall notify the Hong Kong Stock Exchange.

ENGAGEMENT OF ACCOUNTING FIRM

Our Company shall engage an independent accounting firm in compliance with relevant state regulations, to conduct accounting statement auditing, net asset verification and other related consulting services. The engagement period is one year and can be renewed.

The accounting firm engaged by our Company is entitled to the following rights:

(1) to access the books of accounts, records, or vouchers of our Company at any time, and require the Directors, general manager, or other senior management of our Company to provide related information and explanations;

(2) to require our Company to take all reasonable measures to obtain from its subsidiaries all information and notes required for said accounting firm to perform its duties; and

(3) to attend Shareholders' meeting, receive the notice of meeting accessible to any Shareholder, or other information related to the meeting, and make a speech at any Shareholders' meeting in respect of any matter involving its role as the accounting firm of our Company.

If any position of the accounting firm is vacant, the Board may appoint an accounting firm to fill up such a vacancy before the convening of the Shareholders' meeting. Any other accounting firm which has been engaged by our Company may continue to act during the period when such a vacancy exists.

The Shareholders' meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of office, notwithstanding the terms in the contract between the accounting firm and our Company, but without prejudice to such accounting firm's right, if any, to claim damages from our Company in respect of such dismissal.

The engagement, removal or dismissal of an accounting firm and the remuneration of the accounting firm shall be decided by an ordinary resolution of the Shareholders' meeting. The Board shall not engage an accounting firm prior to the decision by the Shareholders' meeting.

Our Company shall send fifteen-day prior notice to the accounting firm, in order to dismiss or not to reappoint the accounting firm, and the said accounting firm is entitled to give opinions when the Shareholders' meeting votes on the dismissal of the same. The accounting firm, in order to resign, shall make representations regarding whether our Company has any improper affairs to the Shareholders' meeting.

MERGER AND DIVISION OF OUR COMPANY

The merger of our Company may take two forms: merger by absorption or merger by new establishment.

If our Company merges with a company in which it holds more than ninety percent of the shares, the merger does not require a resolution of the Shareholders' meeting of the merged company, but other Shareholders must be notified and have the right to request our Company to purchase their shares at a reasonable price.

If the consideration for the merger does not exceed ten percent of our Company's net assets, a resolution of the Shareholders' meeting is not required, unless otherwise provided by the Articles of Association, securities regulatory provisions of the stock exchange [**REDACTED**] venue and securities regulatory authorities.

Mergers conducted in accordance with the preceding two paragraphs without a resolution of the Shareholders' meeting must be approved by a resolution of the Board.

In a merger of our Company, all parties to the merger shall sign the merger agreement and shall prepare their respective balance sheets and inventory lists of assets. Our Company shall notify its creditors within ten days from the date of passing the merger resolution and make a public announcement in newspaper or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days from the date of passing the merger resolution. Upon the merger, the creditors' rights and the indebtedness of each merging party shall be assumed by the surviving entity or the newly established company resulting from the merger.

Where our Company is to be divided, its assets shall be divided accordingly. In the event of the division of our Company, the parties to such division shall prepare a balance sheet and a list of assets. Our Company shall notify its creditors within ten days from the date of the resolution on such division and shall make a public announcement in newspaper or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days from the date of the resolution on such division. The post-division company shall be jointly and severally liable for the pre-division debts of our Company, unless provided otherwise in a written agreement pertaining to the payment of debts between our Company and its creditors prior to the division.

Where our Company undergoes a merger or division, changes in the particulars of our Company shall be registered with our Company registration authorities in accordance with the laws. Where our Company is dissolved, cancellation of its registration shall be conducted in accordance with the laws. Where a new company is established, it shall be registered in accordance with the laws.

DISSOLUTION AND LIQUIDATION OF OUR COMPANY

Our Company shall be dissolved upon the occurrence of any of the following events:

(1) expiry of the valid term of the business or the occurrence of other events of dissolution as stated in the Articles of Association;

(2) a resolution for dissolution is passed by a Shareholders' meeting;

(3) dissolution is necessary due to a merger or division of our Company;

(4) our Company is revoked of business license, ordered to close or canceled according to law; or

(5) serious difficulties arise in the operation and management of our Company and its continued existence would cause material loss to the interests of the Shareholders and such difficulties cannot be resolved through other means, in which case Shareholders holding at least 10% of all Shareholders' voting rights may petition a people's court to dissolve our Company.

Where our Company is dissolved in accordance with the provisions of items (1), (2), (4) and (5) above, it shall be liquidated. The Directors shall be the obligors of our Company's liquidation and shall form a liquidation committee to carry out the liquidation within fifteen days from the date on which the cause of dissolution arises. The members of the liquidation committee shall be Directors or as otherwise provided by the Articles of Association or any other persons appointed by a Shareholders' meeting. If a liquidation committee is not established within the time period or a liquidation is not carried out after the establishment of the liquidation committee, the interested parties may apply to the people's court to designate relevant personnel to establish a liquidation committee to proceed with the liquidation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(1) to dispose of the property of our Company, and to prepare a balance sheet and a list of properties;

(2) to inform creditors by notice and public announcement;

(3) to dispose of unfinished business of our Company relating to the liquidation;

(4) to pay up all outstanding taxes and tax arising during the liquidation process;

(5) to clear up claims and debts;

(6) to distribute the residual properties of our Company after the full settlement of debts; and

(7) to represent our Company in civil litigation.

The liquidation committee shall notify the creditors within ten days after its establishment and publish announcements in the newspaper or on the National Enterprise Credit Information Publicity System within sixty days. Creditors shall, within thirty days from the date of receiving the notice; or for creditors who do not receive the notice, within forty-five days from the date of the public announcement, declare their claims to the liquidation committee.

The creditor shall provide a description and supporting evidence of matters relating to their claims. The liquidation committee shall register the creditors' claims.

The liquidation committee shall not make any debt settlement during the period of declaration of claims.

A liquidation plan shall be formulated by the liquidation committee after the stocktaking of our Company's assets has been carried out and the balance sheet and a detailed inventory of assets have been formulated and shall be submitted to the Shareholders' meeting or people's court for confirmation.

The assets of our Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of our Company's debts. The residual assets of our Company after settlement of all liabilities in accordance with the provisions of the preceding sentence shall be distributed to the Shareholders of our Company in proportion to their shareholdings.

During the liquidation period, our Company shall continue to exist but shall not carry out business activities unrelated to the liquidation. Before our Company's debts have been fully repaid in accordance with the provisions of the preceding paragraph, no assets of our Company shall be distributed to its Shareholders.

Where the liquidation committee, having examined our Company's assets and having prepared a balance sheet and an inventory of assets, discovers that our Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of bankruptcy. Once the people's court has accepted a bankruptcy application, the liquidation committee shall turn over any matters regarding the liquidation to the administrator appointed by the people's court.

Following the completion of liquidation, the liquidation committee shall formulate a report on liquidation, which shall be submitted to the Shareholders' meeting or the people's court for confirmation. The liquidation committee shall also submit the aforesaid documents to our Company registration authority and apply for cancellation of registration of our Company and terminate our Company.

Where our Company has incurred no debts during its existence or has paid off all its debts, it may, upon the joint undertaking of all Shareholders, apply for deregistration under the simplified procedure in accordance with applicable regulations. When applying for deregistration under the simplified procedure, our Company shall publish a notice on the National Enterprise Credit Information Publicity System for a period of no less than twenty days. If no objection is raised upon expiry of the notice period, our Company may file an application for deregistration with our company registration authority within twenty days. If any Shareholder's undertaking as set forth in the Articles of Association is untrue, the Shareholders shall be jointly and severally liable for our Company's debts existing prior to the deregistration.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under one of the following circumstances, our Company shall amend the Articles of Association:

(1) when the Articles of Association contradict the newly implemented amendments of PRC Company Law, the Listing Rules and any other applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue;

(2) due to any change, when the information of our Company is inconsistent with the matters set forth in the Articles of Association; or

(3) when the Shareholders' meeting has made a resolution to amend the Articles of Association.

In the event that the amendment to the Articles of Association adopted by the Shareholders' meeting needs to be approved by the competent authority, our Company shall seek approval from relevant authority and if it involves company registration matters, change registration shall be handled in accordance with the law. The Board shall follow such resolutions by the Shareholders' meeting and the approval opinions of relevant authority when amending the Articles of Association.

In the event that an amendment to the Articles of Association qualifies as required disclosure under applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue, such amendment should be publicly announced.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was incorporated in the PRC as a limited liability company on September 26, 2016 and was converted to a joint stock company with limited liability on April 25, 2022 under the PRC Company Law.

We have established a principal place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 22, 2026. Ms. Sham Ying Man, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong, whose correspondence address is at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As the Company was incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant PRC Law. A summary of the relevant PRC Laws and regulations and of the Articles of Association is set out in "Regulatory Overview," Appendix IV and V, respectively.

2. Changes in the Share Capital of Our Company

Assuming the [**REDACTED**] is not exercised, upon completion of the [**REDACTED**], our issued share capital will increase to RMB[**REDACTED**], made up of [**REDACTED**] Domestic Shares and [**REDACTED**] H Shares (including [**REDACTED**] Converted H Shares) fully paid up or credited as fully paid up, representing [**REDACTED**]% and [**REDACTED**]% of our registered share capital, respectively. For further details, please refer to the section headed "Share Capital" in this document.

Save as disclosed above and in the section headed "History, Development and Corporate Structure" in this document, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. The Shareholders' Resolutions of Our Company

At our Shareholders' meeting held on January 15, 2026, the following resolutions, among other things, were duly passed:

(i) the sub-division of the Shares with nominal value of RMB1.00 each on the basis of one to two (the "**Share Subdivision**"), and taking into account the Share Subdivision, the [**REDACTED**] of H Shares of nominal value of RMB0.5 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(ii) the number of H shares to be [**REDACTED**] shall be up to [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(iii) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of [**REDACTED**] on the Hong Kong Stock Exchange; and

(iv) subject to the completion of the [**REDACTED**], the conditional adoption of the revised 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 the relevant PRC regulatory authorities and for the purpose of its filing with the relevant regulatory authorities.

4. Changes in the Share Capital of Our Subsidiary

Our only subsidiary, Therapeutics Technology, was incorporated in the PRC on May 9, 2026 with registered capital of RMB10 million.

Save as disclosed above, there have been no alterations in the share capital of our subsidiary within the two years immediately preceding the date of this document.

5. Corporate reorganization

Our Company has not gone through any corporate reorganization for the purpose of the [**REDACTED**]. For more details on the history and development of our Company, please refer to the section headed "History, Development and Corporate Structure" in this document.

6. Restrictions on Share Repurchases

For more details, please refer to "Appendix IV — Summary of Principal Laws and Regulations" and "Appendix V — Summary of the Articles of Association" in this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company within the two years preceding the date of this document and are or may be material:

(a) a capital injection agreement dated September 14, 2024 entered into by, among other parties, PrimeGenX Therapeutics Co., Ltd. (北京普祺醫藥科技股份有限公司), Beijing Yitang Chuangxin Venture Capital Center (Limited Partnership) (北京屹唐創欣創業投資中心(有限合夥)), Beijing Yitang Dingxin Technology Partnership (北京屹唐鼎芯科技合夥企業(有限合夥)) and other parties agreed to subscribe for additional registered capital of the Company;

(b) the termination of special rights agreement dated January 15, 2026 entered into by, among other parties, Chongqing Xianfeng Qiyun Equity Investment L.P. (重慶險峰旗雲股權投資合夥企業(有限合夥)), Hangzhou Yuhang Lapam Healthcare Equity Investment Fund Partnership (Limited Partnership) (杭州余杭龍磐健康醫療股權投資基金合夥企業(有限合夥)), Beijing Kaiyuan Hongdao Venture Capital Center (Limited Partnership) (北京開元弘道創業投資中心(有限合夥)), Xizang Zhifan Enterprise Management Consulting Center (Limited Partnership) (西藏智梵企業管理諮詢中心(有限合夥)), Nanjing Lestar Medical Technology Partnership (Limited Partnership) (南京力思達醫療科技合夥企業(有限合夥)), Heze Jurong Biomedical Investment Fund Management Partnership (Limited Partnership) (菏澤聚融生物醫藥投資基金管理合夥企業(有限合夥)), Jiaxing Zhenyan Micifang Equity Investment Partnership (Limited Partnership) (嘉興箴言冪次方股權投資合夥企業(有限合夥)), Beijing Medical and Health Industry Investment Fund (Limited Partnership) (北京市醫藥健康產業投資基金(有限合夥)), Beijing Yitang Chuangxin Venture Capital Center (Limited Partnership) (北京屹唐創欣創業投資中心(有限合夥)), Beijing Shoufazhan Huaxia Longying Jielian Technology Investment Fund (Limited Partnership) (北京首發展華夏龍盈接力科技投資基金(有限合夥)), Beijing Beike Zhengqi Guoxin Pharmaceutical Industry Investment Fund (Limited Partnership) (北京北科正奇國信醫藥產業投資基金(有限合夥)), PrimeGenX Therapeutics Co., Ltd. (北京普祺醫藥科技股份有限公司) and Mr. Li Yuliang (李雨亮), pursuant to which certain shareholders' special rights were terminated and will cease to have any effect (i) one day before the first filing of the first application for the [**REDACTED**] (subject to certain reinstatement mechanism), or (ii) upon [**REDACTED**], as the case may be; and

(c) [**REDACTED**].

2. Our Material Intellectual Property Rights

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	puqipharma	5	Our Company	PRC	70416511	September 20, 2033
2.	puqipharma	42	Our Company	PRC	70405863	December 6, 2033
3.	puqipharma	3	Our Company	PRC	70402136	December 6, 2033
4.	puqipharma	44	Our Company	PRC	70396177	September 20, 2033
5.	puqipharma	1	Our Company	PRC	70394487	September 20, 2033
6.	puqipharma	10	Our Company	PRC	70391386	September 20, 2033
7.		5	Our Company	PRC	59287536	March 13, 2032
8.		42	Our Company	PRC	59286419	March 13, 2032
9.		1	Our Company	PRC	59284303	May 13, 2032
10.		35	Our Company	PRC	59283503	May 13, 2032
11.		10	Our Company	PRC	59281943	March 6, 2032
12.		3	Our Company	PRC	59281875	June 6, 2032
13.		3	Our Company	PRC	59277238	May 13, 2032
14.		5	Our Company	PRC	59274740	May 13, 2032

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
15. . . .		44	Our Company	PRC	59271686	March 13, 2032
16. . . .		35	Our Company	PRC	59266503	May 13, 2032
17. . . .		1	Our Company	PRC	59266081	March 6, 2032
18. . . .		42	Our Company	PRC	59265266	May 13, 2032
19. . . .		10	Our Company	PRC	59262621	March 13, 2032
20. . . .		44	Our Company	PRC	59285053	May 13, 2032

(b) Patents

Please refer to the paragraph headed "Business — Intellectual Property" for patents registered and patents applications as of the Latest Practicable Date which we consider to be or may be material to our business.

(c) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which are material to our business:

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
1. . . .	L-Prolinamide Solubility Analysis and Management System V1.0 (L-脯氨酰胺溶解度分析及管理系統V1.0)	Our Company	2019SR0928642	September 6, 2019	PRC
2. . . .	Abiraterone Acetate Residual Solvent Detection and Analysis System V1.0 (醋酸阿比特龍殘留溶劑檢測分析系統V1.0)	Our Company	2019SR0928699	September 6, 2019	PRC
3. . . .	Dehydroepiandrosterone Acetate Specific Optical Rotation Determination System V1.0 (醋酸去氫表雄酮比旋光度測定系統V1.0)	Our Company	2019SR0930282	September 6, 2019	PRC

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
4.	PrimeGenX Quality Control Platform V1.0 (普祺醫藥質量控制平台V1.0)	Our Company	2019SR0927204	September 5, 2019	PRC
5.	Vildagliptin Residual Solvent Detection and Analysis System V1.0 (維格列汀殘留溶劑檢測分析系統V1.0)	Our Company	2019SR0927198	September 5, 2019	PRC
6.	Vildagliptin Tablet Hardness and Content Detection System V1.0 (維格列汀片硬度及含量檢測系統V1.0)	Our Company	2019SR0928731	September 6, 2019	PRC
7.	Abiraterone Acetate Tablet Formulation Moisture Control Platform V1.0 (一種醋酸阿比特龍片制劑水分控制平台V1.0)	Our Company	2019SR0928601	September 6, 2019	PRC
8.	PrimeGenX Therapeutics Co., Ltd. LOGO1 (北京普祺醫藥科技股份有限公司LOGO1)	Our Company	Guo Zuo Deng Zi (國作登字)-2022-F-10010419	January 17, 2022	PRC
9.	PrimeGenX Therapeutics Co., Ltd. LOGO3 (北京普祺醫藥科技股份有限公司LOGO3)	Our Company	Guo Zuo Deng Zi (國作登字)-2022-F-10010420	January 17, 2022	PRC
10.	PrimeGenX Therapeutics Co., Ltd. LOGO4 (北京普祺醫藥科技股份有限公司LOGO4)	Our Company	Guo Zuo Deng Zi (國作登字)-2022-F-10010421	January 17, 2022	PRC
11.	PrimeGenX Therapeutics Co., Ltd. LOGO2 (北京普祺醫藥科技股份有限公司LOGO2)	Our Company	Guo Zuo Deng Zi (國作登字)-2022-F-10010422	January 17, 2022	PRC

(d) Domain Names

As of the Latest Practicable Date, we have registered the following domain name which is material to our business:

No.	Domain name	Registrant	Registration Date	Expiry Date
1.	primegene.net	Our Company	October 12, 2016	October 12, 2026
2.	primegenx.net	Our Company	January 3, 2026	January 3, 2027
3.	primegenx.bio	Our Company	January 4, 2026	January 4, 2027

Save as aforesaid, as at the Latest Practicable Date, there were no other intellectual property rights which were material to our Company's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and the chief executive of our Company

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests and/or short positions (as applicable) of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of

the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, in each case once the [**REDACTED**] are [**REDACTED**] on the Hong Kong Stock Exchange, will be as follows:

(i) Interests in our Company

Name of Director or chief executive	Nature of interest	Number of Shares[(1)]	Approximate percentage of interest in our Company as of the Latest Practicable Date and immediately prior to the [REDACTED][(2)]	Approximate percentage of shareholding in the total [REDACTED] and outstanding share capital of our Company immediately following the completion of the [REDACTED][(3)]
Mr. Li (李雨亮)[(4)] . . .	Beneficial owner	56,043,356	29.16%	[**REDACTED**]%
	Interest in controlled corporation	27,017,544	14.06%	[**REDACTED**]%
Ms. Wang (王紅嵋)[(5)] .	Interest of spouse	56,043,356	29.16%	[**REDACTED**]%
Dr. Du[(4)]	Interest in controlled corporation	20,000,000	10.41%	[**REDACTED**]%
Dr. Han (韓永信)	Beneficial owner	14,288,676	7.44%	[**REDACTED**]%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 192,170,424 Shares in issue as at the Latest Practicable Date.

3. The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**].

4. As of the Latest Practicable Date, Chifeng Qingxi and Chifeng Mingquan were managed by their general partner Mr. Li. Chifeng Qingxi was owned as to 40% by Dr. Du. As such, each of Mr. Li and Dr. Du is deemed under the SFO to be interested in the 20,000,000 Shares held by Chifeng Qingxi and Mr. Li is deemed under the SFO to be interested in the 7,017,544 Shares held by Chifeng Mingquan.

5. Ms. Wang is the spouse of Mr. Li and is deemed to be interested in the Shares held by Mr. Li under the SFO.

(b) Interests of the Substantial Shareholders

For information on the persons who will, immediately following the completion of the [**REDACTED**] without taking into account any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will directly and/or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at our Shareholders' meeting, please refer to the section headed "Substantial Shareholders."

Save as disclosed in the section headed "Substantial Shareholders," our Directors and the chief executive of our Company are not aware of any person, not being a Director or chief executive of our Company, who has an interest or short position in our Shares, underlying Shares or debentures of our Company which, once our H Shares are [**REDACTED**], would have to be

disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our Shareholders' meeting.

2. Directors' Service Contracts and Letters of Appointment

We [have entered] into a service contract or letter of appointment with each of our Directors. The principal particulars of these service contracts and letters of appointment include (i) the term of service, and (ii) are subject to termination in accordance with their respective term. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered into any service contracts or letters of appointment as a director with the Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

The aggregate remuneration (including Directors' fee, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) paid to our Directors for the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026 was approximately RMB14.1 million, RMB17.8 million and RMB21.5 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026 by the Company to any of our Directors.

4. [REDACTED] Share Incentive Plan

The following is a summary of the principal terms of the [**REDACTED**] Share Incentive Plan adopted in 2021 and amended and restated in 2026 by the Company. The terms of the [**REDACTED**] Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the [**REDACTED**] Share Incentive Plan does not involve the grant of new options or awards by our Company to subscribe for H Shares after the [**REDACTED**].

Principal Terms of the* [REDACTED] *Share Incentive Plan

(a) Objectives

The objectives of the [**REDACTED**] Share Incentive Plan are to build incentive and constructive mechanisms for core employees, to achieve our medium and long-term strategies and to advance development of the Company.

(b) Eligible Participants

The participants of the [**REDACTED**] Share Incentive Plan include (i) employees who were department directors or above and core technical personnel as at the time of the adoption of the [**REDACTED**] Share Incentive Plan in 2021; (ii) other current employees who are identified by the Board as particularly outstanding; and (iii) other employees who are planned to be introduced in the future and meet the share incentive criteria of the Board.

(c) Grant of Awards

Each participant will be granted restricted shares in the form of economic interest in Chifeng Qingxi and/or Chifeng Mingquan ("**Share Incentive Platforms**") as a limited partner (the "**Awards**"). Upon becoming the limited partner of the relevant Share Incentive Platforms, the participant indirectly receives economic interest in the number of Shares underlying the Awards granted to the participant held by the relevant Share Incentive Platforms.

(d) Vesting Period

Upon grant of the awards and subject to completion of the formality of the equity transfer of the relevant Share Incentive Platforms, the Awards are vested.

(e) Subscription Price

The subscription price of the Awards is determined at the discretion of the Board on a case-by-case basis.

(f) Payment of the Price of the Awards

The participants shall subscribe for the Awards through self-financing methods with their own legal funds. The Company will review the legal source of the funds and will not furnish any financial support or funding to the participants. The participants shall make the corresponding payment for Awards in a full and timely manner.

(g) Administration

The [**REDACTED**] Share Incentive Plan shall be explained and implemented by the Board as the administrator. The Board has the authority to delegate the chairman of the Board to handle the following matters in relation to the [**REDACTED**] Share Incentive Plan:

(i) determine the participants, as well as the price and quantity of the Awards;

(ii) determine the grant date and attend to the grant procedures;

(iii) adjust the number of Awards when certain specific events occur;

(iv) attend to all matters related to the participants and the lock-up period;

(v) decide on the modification and termination of the [**REDACTED**] Share Incentive Plan;

(vi) manage and adjust the [**REDACTED**] Share Incentive Plan;

(vii) attend to other necessary matters required for the implementation of the [**REDACTED**] Share Incentive Plan, save for those rights explicitly stipulated in relevant documents that need to be exercised by the shareholders' meeting of the Company; and

(viii) attend to procedures with relevant authorities and execute relevant approval documents for the [**REDACTED**] Share Incentive Plan.

(h) Restrictions on Transfer

Prior to the [**REDACTED**], the Share Incentive Platforms may not transfer or entrust third parties to manage any or all of their interests in the Company and the participants may not dispose of the Shares underlying the Awards by any means. Within 12 months subsequent to the [**REDACTED**], the Share Incentive Platforms may not (i) transfer or entrust third parties to manage any or all of their interests before the [**REDACTED**] in the Company; or (ii) request the Company to repurchase such interests, and the participants may not dispose of the Shares underlying the Awards by any means. Beyond 12 months subsequent to the [**REDACTED**], the transfer or sale by the Share Incentive Platforms and the participants of their interests in the Company shall be in compliance with the pertinent applicable laws and regulations.

(i) Rights attached to the Awards

Unless otherwise specified in the respective shareholding platform partnership agreement, articles of association or the grant agreement, the eligible participants under the [**REDACTED**] Share Incentive Plan have the rights to any dividends or distributions from any Shares underlying the awards.

Awards Granted under the* [REDACTED] *Share Incentive Plan

As of the Latest Practicable Date, all limited partners of Chifeng Qingxi and Chifeng Mingquan are current employees of the Company. Save for Dr. Du and Mr. Wu, who are our Directors, the Company confirms that none of the limited partners are related parties of the Company, our Controlling Shareholders, Directors or senior management. Furthermore, there are no trust arrangements or other potential disputes regarding the equity interests held by these limited partners. Details of the Awards granted to the participants through the Share Incentive Platforms are as follows:

Chifeng Qingxi

Name of the limited partner	Position in the Company	Approximate partnership interest
Directors		
Dr. Du	Executive Director, Deputy General Manager and Chief Medical Officer	40.00%
Mr. Wu Xing (毋興)	Executive Director, Chief Financial Officer, Board Secretary and one of the joint company secretaries	16.50%
Other employees		
Mr. Zhu Li (祝力)	Senior Head of Medicinal Chemistry	15.00%
Ms. Feng Kun (馮琨)	Assistant to the Chairman	4.75%
Ms. He Baoli (和寶莉)	Head of Finance	3.50%
Ms. Zhang Hui (張慧)	Head of Biology	3.50%
Ms. Yan Chunying (閆春穎)	Associate Head of Analytical Development	3.00%
Mr. Ma Sufeng (馬蘇峰)	Head of Synthetic Chemistry	3.00%
Ms. Li Yan (李妍)	Head of Clinical Operations I	1.50%
Mr. Dai Liguang (戴麗光)	Senior Researcher	0.75%
Mr. Hu Wei (胡偉)	Senior Researcher	0.75%
Mr. Yang Yanqing (楊艷青)	Senior Researcher	0.75%
Ms. Yu Huijing (於慧靖)	Analytical Research Assistant	0.25%
Ms. Hou Fuhui (侯福會)	Senior Analytical Researcher	0.25%
Ms. Liao Jingyu (廖靖宇)	Quality Control Manager	0.25%
Ms. Zhang Zhiyan (張志艷)	Analytical Research Assistant	0.25%
Mr. Liu Liang (劉亮)	Senior Analytical Research Assistant	0.25%
Ms. Liu Yan (劉艷)	Senior Analytical Researcher	0.25%

Chifeng Mingquan

Name of the limited partner	Position in the Company	Approximate partnership interest
Employees		
Mr. Ai Lianghua (艾良華)	Chief Operating Officer/Chief Technology Officer	14.25%
Mr. Ye Dongxin (葉東鑫)	Vice President of Production Quality	14.25%

Name of the limited partner	Position in the Company	Approximate partnership interest
Employees		
Mr. Wu Mangang (吳滿剛) . . .	Head of Procurement Development	14.25%
Mr. Lei Fei (雷飛)	Senior Head of Synthetic Chemistry	5.70%
Mr. Zhang Hankang (張含康) .	Head of Quality Assurance	5.70%
Mr. Li Ming (李明)	Head of Formulation	5.70%
Ms. Li Yan (李妍)	Head of Clinical Operations I	5.70%
Ms. Wang Yanwei (王艷偉) . . .	Head of Clinical Operations II	5.70%
Mr. Wang Zaiquan (王再全) . .	Head of Formulation	5.70%
Ms. Liu Yan (劉嚴)	Head of Analytical Development	1.89%
Mr. Li Baocheng (李寶成)	Senior Formulation Researcher	1.00%
Ms. Pan Hongyan (潘紅艷) . . .	Associate Head of Regulatory Affairs	1.00%
Ms. Xiao Yanjiao (肖艷皎) . . .	Senior Regulatory Affairs Manager	0.60%
Mr. Li Yang (李揚)	Quality Assurance Manager	0.60%
Mr. Wang Zhen (王振)	Senior Synthetic Chemistry Researcher	0.60%
Ms. Sun Yang (孫陽)	Audit Manager	0.60%
Ms. Wu Chong (吳翀)	Administrative Specialist	0.20%

As of the Latest Practicable Date, there are no outstanding Awards under the [**REDACTED**] Share Incentive Plan and all Awards under the [**REDACTED**] Share Incentive Plan have been granted and vested.

5. Directors' Competing Interests

Save as disclosed in the sections headed "Directors and Senior Management" and "Relationship with Our Controlling Shareholders" in this document, none of our Directors is interested in any business apart from our Company's business which competes or is likely to compete, directly or indirectly, with the business of our Company.

6. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are [**REDACTED**] on the Hong Kong Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our Shareholders' meeting;

(c) none of our Directors, nor any of the persons listed in "— D. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(d) none of our Directors, nor any of the persons listed in "— D. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with our Company subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Company as a whole;

(e) save in connection with [**REDACTED**] Agreements, none of the persons listed in "— D. Other Information — 5. Qualification of Experts" below has any shareholding in our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the [**REDACTED**] Agreements, none of our Directors, their respective associates (as defined under the Hong Kong Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company.

2. Litigation

As of the Latest Practicable Date, our Company was 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 our Company, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Hong Kong Listing Rules.

The Joint Sponsors will receive an aggregate fee of approximately US$[**REDACTED**] million for acting as the sponsors for the [**REDACTED**].

4. No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in the financial or trading position or prospects of our Company since April 30, 2026 (being the date to which the latest audited financial statements of our Company were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) as defined under the SFO
CMBC International Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Fangda Partners	Legal advisors as to PRC Law
Beijing HuanRun Law Firm	Legal advisor as to PRC intellectual property laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

6. Consents of Experts

Each of the experts as referred to in "— D. Other Information — 5. Qualification of Experts" has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

7. Promoters

The promoters of our Company are as follows:

No.	Name of promoters of our Company
1.	Li Yuliang (李雨亮)
2.	Han Yongxin (韓永信)
3.	Huang Shuo (黃碩)
4.	Ai Lianghua (艾良華)
5.	Chifeng Qingxi (赤峰清溪)
6.	Chifeng Mingquan (赤峰名泉)
7.	Beijing Kaiyuan Hongdao Venture Capital Center (Limited Partnership) (北京開元弘道創業投資中心(有限合夥))
8.	Chongqing Xianfeng Qiyun Equity Investment Partnership (Limited Partnership) (重慶險峰旗雲股權投資合夥企業(有限合夥))

No.	Name of promoters of our Company
9. . . .	Hangzhou Yuhang Lapam Healthcare Equity Investment Fund Partnership (Limited Partnership) (杭州余杭龍磐健康醫療股權投資基金合夥企業(有限合夥))
10. . .	Xizang Zhifan Enterprise Management Consulting Center (Limited Partnership) (西藏智梵企業管理諮詢中心(有限合夥))
11. . .	Nanjing Lestar Medical Technology Partnership (Limited Partnership) (南京力思達醫療科技合夥企業(有限合夥))
12. . .	Chifeng Zaiji Enterprise Management Center (Limited Partnership) (赤峰再極企業管理中心(有限合夥))

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, [**REDACTED**] or given nor are any proposed to be paid, [**REDACTED**] or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

8. Preliminary Expenses

We have not incurred any material preliminary expense.

9. Taxation of Holders 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 affected on the [**REDACTED**] of members of our Company, including in circumstances where [**REDACTED**] are affected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.2% of the consideration or, if higher, the fair value of the H Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5.0 is currently payable on any instrument of transfer of H Shares.

10. Application for [REDACTED]

The Joint [**REDACTED**] has made an application on behalf of our Company to the [**REDACTED**] Committee for the [**REDACTED**] of, and permission to deal in, the H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

11. 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 insofar as applicable.

12. 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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

13. Miscellaneous

Save as disclosed in this document,

(a) within the two years immediately preceding the date of this document, neither we 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;

(b) 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;

(c) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of our Company;

(d) within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to [**REDACTED**]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(e) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) since April 30, 2026 (being the date on which the latest audited financial statements of our Company were made up), there has been no material adverse change in our financial or trading position or prospects;

(h) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document;

(i) our Company has no outstanding convertible debt securities or debentures; and

(j) Our Company currently does not intend to apply for the status of a foreign investment joint stock limited company.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI; and

(b) the written consents referred to in "Statutory and General Information — D. Other Information — 6. Consents of Experts" in Appendix VI.

B. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.primegenx.net** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the accountants' report prepared by KPMG, the text of which is set forth in Appendix I;

(c) the report on the unaudited [**REDACTED**] financial information prepared by KPMG, the text of which is set forth in Appendix II;

(d) the audited financial statements of our Company for the years ended December 31, 2024 and 2025 and the four months ended April 30, 2026;

(e) the PRC legal opinion issued by Fangda Partners, our PRC Legal Advisor, in respect of certain aspects of our Company;

(f) the intellectual property due diligence report (including freedom-to-operate (FTO) analysis) issued by Beijing HuanRun Law Firm, in respect of, among other things, the intellectual property of our Company;

(g) the Frost & Sullivan Report;

(h) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures for 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》), together with their unofficial English translation;

(i) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI;

(j) the written consents referred to in "Statutory and General Information — D. Other Information — 6. Consents of Experts" in Appendix VI;

(k) service contracts and letters of appointment referred to in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment" in Appendix VI.