Application Proof of

Suzhou Zelgen Biopharmaceuticals Co., Ltd.
蘇州澤璟生物製藥股份有限公司

(the "**Company**")

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

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Suzhou Zelgen Biopharmaceuticals Co., Ltd.
蘇州澤璟生物製藥股份有限公司

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

[REDACTED]

Number of [REDACTED] 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%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

Sole Sponsor, **[REDACTED]**

CICC 中金公司

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document and 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**].

OVERVIEW

We are an integrated biopharmaceutical company dedicated to the discovery, development, and commercialization of innovative small-molecule and biologic therapies, with a strategic focus on oncology, autoimmune diseases, and hemostasis/hematology. Our business is powered by a dual innovation engine, combining two proprietary technology platforms to build a diversified pipeline: a small-molecule drug R&D platform, and a bispecific/trispecific antibody and complex recombinant protein R&D platform. Together, they have empowered us to build a diversified pipeline, including multiple candidates in different therapeutic areas progressing toward clinical and registrational milestones.

As of the Latest Practicable Date, we had four commercialized drugs: Zepsun® 澤普生® (Donafenib Tosilate Tablets), the first domestically-developed small-molecule multi-targeted drug in China for the first-line treatment of advanced HCC; Zepuping 澤普平® (Gecacitinib Hydrochloride Tablets), the first domestically-developed innovative JAK inhibitor in China for the treatment of myelofibrosis; Zepuning 澤普凝® (Recombinant Human Thrombin), the only recombinant human thrombin developed with recombinant DNA technology and successfully commercialized in China; and Zesuning 澤速寧® (Human Thyrotropin beta for Injection), the only recombinant human thyrotropin approved in China for diagnostic use in postoperative follow-up of differentiated thyroid cancer patients for radioactive iodine whole-body imaging and serum thyroglobulin monitoring. Our strategically-tiered pipeline of drug candidates comprises 10 drug candidates across 29 key clinical programs, as of the Latest Practicable Date. Among them, there are four drug candidates with eight indications already at the stage of BLA/NDA or pivotal/Phase III registration trials, including Gecacitinib Hydrochloride Tablet, which is undergoing NDA for ankylosing spondylitis and atopic dermatitis, and Human Thyrotropin beta for Injection which is at the stage of BLA for postoperative treatment of thyroid cancer. We continue to invest in new targets and breakthrough technologies, with priority programs such as ZG006 (Alveltamig), the world's first trispecific antibody targeting DLL3/DLL3/CD3, and ZG005 (Nilvanstomig), a PD-1/TIGIT bispecific antibody that ranks as one of the most advanced programs globally. Further, we are also building a portfolio of frontier early-stage programs, including ZGGS18, ZGGS34, ZGGS15, ZG2001, ZG0895 and ZG2273, spanning T-cell engagers, bispecific and multispecific antibodies, and small-molecule therapies designed to address traditionally "undruggable" targets.

OUR PIPELINE

The following chart summarizes the development status of our commercialized products and key drug candidates as of the Latest Practicable Date:

Drugs/ Drug Candidates	Drug Target	Drug Type	Indications	Preclinical	IND	Clinical Trials			NDA/ BLA	Launched	Source	Commercialization Rights
						Phase I	Phase II	Phase III				
★ Zepsun® 澤普生® (Donafenib Tosilate Tablets)	Raf, MEK, ERK, VEGFR, PDGFR	Small-molecule targeted drug	Advanced HCC								Self-developed	Global
			Radioiodine-refractory differentiated thyroid cancer									
★ Zepuning 澤普凝® (Recombinant Human Thrombin)	Thrombin	Recombinant protein	Hemostasis								Self-developed	Global
★ Zepuping 澤普平® (Gecacitinib Hydrochloride Tablets)	JAK	Small-molecule targeted drug	Myelofibrosis								Self-developed	Global
			Severe alopecia areata									
			Moderate-to-severe atopic dermatitis									
			Ankylosing spondylitis									
★ Zesuning 澤速寧® (Human Thyrotropin beta for Injection)	TSH	Recombinant protein	Postoperative diagnosis of thyroid cancer								Self-developed	Global
			Postoperative treatment of thyroid cancer									
ZG006 (Alveltamig)	CD3/DLL3/DLL3	Trispecific T cell engager	Extensive-stage SCLC (3rd-line and above)								Self-developed	Chinese Mainland, Hong Kong and Macau (AbbVie holds rights in other regions)
			Extensive-stage SCLC (2nd-line)									
			Extensive-stage SCLC (1st-line)									
			NEC									
			Extensive-stage SCLC									
ZG005 (Nilvanstomig)	PD-1/TIGIT	Bispecific antibody	HCC								Self-developed	Global
			NEC									
			Cervical cancer									
			Biliary tract cancer									
			Other advanced solid tumors									
			Advanced solid tumors									
ZGGS18	VEGF/TGF-β	Bifunctional fusion protein	Advanced solid tumors including NSCLC								Self-developed	Global
			Advanced solid tumors									
ZGGS34	MUC17/CD3/CD28	Trispecific T cell engager	Advanced solid tumors including gastric cancer and pancreatic cancer								Self-developed	Global
			Advanced solid tumors									
ZGGS15	LAG-3/TIGIT	Bispecific antibody	Advanced solid tumors								Self-developed	Global
ZG2001	Pan-KRAS	Small-molecule targeted drug	Advanced solid tumors with KRAS mutation								Self-developed	Global
ZG0895	TLR8	Small-molecule targeted drug	Advanced solid tumors								Self-developed	Global
ZG2273	Pan-RAS	Small-molecule targeted drug	Advanced solid tumors with RAS mutation								Self-developed	Global

Note: CD28 = cluster of differentiation 28; CD3 = cluster of differentiation 3; DLL3 = delta-like ligand 3; ERK = extracellular signal-regulated kinase; HCC = hepatocellular carcinoma; JAK = Janus Kinase; KRAS = Kirsten rat sarcoma viral oncogene homologue; LAG-3 = lymphocyte-activation gene 3; MEK = MAPK/ERK Kinase; MUC17 = Mucin 17; NEC = neuroendocrine carcinoma; NSCLC = non-small cell lung cancer; PD-1 = programmed death protein 1; PDGFR = platelet-derived growth factor receptors; RAS = rat sarcoma; SCLC = small-cell lung cancer; TGF-β = transforming growth factor beta; TIGIT = T-cell immunoreceptor with Ig and ITIM domains; TLR8 = Toll-like receptor 8; TSH = thyroid-stimulating hormone; VEGF = vascular endothelial growth factor; VEGFR = vascular endothelial growth factor receptor.

★ Commercialized drugs China Global

A Mature and Innovative Portfolio of Commercialized Drugs

Through years of dedicated research in discovery, clinical development and manufacturing improvement, we have built a mature portfolio of four commercialized innovative drugs as listed below, establishing a continuous cash flow stream.

Zepsun® 澤普生® (Donafenib Tosilate Tablets). Zepsun® is the first domestically-developed small-molecule multi-targeted drug approved in China in June 2021 for the first-line treatment of advanced HCC. Moreover, Zepsun® is the only monotherapy that has demonstrated superior survival outcome over sorafenib in a head-to-head clinical trial for advanced liver cancer. In August 2022, Zepsun® was subsequently approved for progressive, locally-advanced or metastatic radioactive iodine-refractory differentiated thyroid cancer. Both indications have been included in the National Reimbursement Drug List ("**NRDL**"), which has supported the steady sales growth since launching. As of the Latest Practicable Date, Zepsun® has been recommended as a first-line therapy in 32 national treatment guidelines and expert consensus statements for liver and thyroid cancers.

Zepuping 澤普平® (Gecacitinib Hydrochloride Tablets). Zepuping is the first domestically-developed JAK inhibitor approved in China in May 2025 for the treatment of myelofibrosis and included in the NRDL in January 2026 for this indication. It has been recommended in the *2026 Chinese Society of Clinical Oncology ("**CSCO**") Guidelines for Malignant Hematologic Diseases* as (i) a Grade I recommendation for the first-line treatment of primary myelofibrosis, (ii) a first-line treatment for patients with myelofibrosis-related anemia accompanied by symptomatic splenomegaly or systemic symptoms, and (iii) the preferred treatment (Grade II recommendation) for second-line treatment and patients with disease progression. It has also been recommended in the *Guiding Principles for Clinical Application of Gecacitinib in Treatment of Myelofibrosis* by the Leukemia Expert Committee of CSCO in 2025 and the *Guidelines for the Diagnosis and Treatment of 86 Rare Diseases* by the National Health Commission of the PRC in 2025. In June 2026, Zepuping also received commercialization approval for severe alopecia areata, successfully broadening its indications into the field of autoimmune diseases.

Zepuning 澤普凝® (Recombinant Human Thrombin). Approved in January 2024 for commercialization and included in the NRDL in January 2025, Zepuning is the only recombinant human thrombin developed with recombinant DNA technology and successfully commercialized in China as of the Latest Practicable Date. It has been recommended in the *Chinese Expert Consensus on Hemostasis in Hip and Knee Arthroplasty* by the Joint Surgery Group of the Orthopaedic Society of the Chinese Medical Association in 2025 and the *Guideline for Perioperative Blood Management in Adult Abdominal Surgery* by the Chinese Society of Surgery of Chinese Medical Association and Chinese Society of Anesthesiology of Chinese Medical Association in 2026. We have also partnered with Grand Life Sciences (Shandong) Co., Ltd. ("**Grand Life Sciences**"), a renowned domestic company in China specializing in hemostasis and perioperative care, to accelerate its market uptake.

Zesuning 澤速寧® (Human Thyrotropin beta for Injection). Approved in January 2026, Zesuning has filled a major gap in the thyroid cancer postoperative diagnosis market in China. As of the Last Practicable Date, it is the only recombinant human thyrotropin approved in China for diagnostic use in postoperative follow-up of differentiated thyroid cancer patients for radioactive iodine whole-body imaging and serum thyroglobulin monitoring. It has been recommended in the *Chinese Management Guidelines for Radioactive Iodine-refractory Differentiated Thyroid Cancer* by Chinese Society of Nuclear Medicine in 2025. We have entered into exclusive commercialization collaboration with ATSA, a Swiss subsidiary of Merck, providing a strong foundation for its rapid market uptake.

Our commercialized drugs not only demonstrate strong clinical value and market competitiveness but also highlight our ability to generate sustainable revenue and execute successful commercialization. We have demonstrated a track record of sustained growth supported by stable income from marketed drugs. With this solid foundation, we will continue to develop, advance, and commercialize our pipeline products, further strengthening our capabilities in innovative drug development in China and globally.

Highlights of Our Diversified Pipeline

We have established a diversified pipeline spanning small molecule therapies and biologics across multiple therapeutic areas, with candidates at different stages of R&D. In oncology, our programs target tumor immunity, tumor microenvironment, tumor growth, resistance mechanisms and gene mutations through T-cell engagers, bispecific antibodies, fusion proteins, and small-molecule inhibitors. Several of our drug candidates have progressed into clinical trials in China and overseas. Key programs include: (i) Gecacitinib Hydrochloride Tablet for ankylosing spondylitis and atopic dermatitis, both of which are at the stage of NDA; (ii) Human Thyrotropin beta for Injection for postoperative treatment of thyroid cancer, which is undergoing BLA; (iii) ZG006 (Alveltamig), a trispecific antibody targeting DLL3/DLL3/CD3, which has received breakthrough

therapy designations from the NMPA for relapsed or progressive advanced SCLC and DLL3-positive NEC and orphan drug designations from the U.S. Food and Drug Administration ("**FDA**") for SCLC and NEC, and has entered Phase III trials for both indications following encouraging Phase II results on efficacy and safety; and (iv) ZG005 (Nilvanstomig), a PD-1/TIGIT bispecific antibody, which is advancing through Phase III clinical trials in HCC and NEC and Phase II clinical trials in other indications including cervical cancer with early data supporting antitumor activity and tolerability. Additional candidates such as ZGGS18, ZGGS34, ZGGS15, ZG2001, and ZG0895 are also in clinical development, reflecting our continued investment in innovative drugs to address unmet medical needs.

OUR TECHNOLOGY PLATFORMS

Our two proprietary technology platforms underscore our capabilities in next-generation therapies and demonstrate pivotal achievements, marking the advancement of our multispecific antibody research into the realization phase. Through our small-molecule drug R&D platform, we have introduced several commercialized drugs and promising candidates with strong clinical and commercial potential, including Zepsun®, Zepuping, ZG2001, ZG0895 and ZG2273. In parallel, through our bispecific/trispecific antibody and complex recombinant protein R&D platform, we have pioneered technically challenging innovations, such as Zepuning, Zesuning and built a patent-protected pipeline of bispecific/trispecific antibodies, including ZG006, ZG005, ZGGS18, ZGGS34 and ZGGS15.

OUR STRENGTHS AND STRATEGIES

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) a robust, differentiated pipeline driving expansive market opportunities and enduring competitive advantages; (ii) solid commercialization progress accelerating biotech-to-biopharma transformation; (iii) advanced R&D engine powered by dual technology platforms; (iv) integrated, scalable production system enabling commercialization and market expansion; (v) international development and collaboration enhancing clinical impact and market potential; and (vi) veteran leadership delivering end-to-end excellence and sustainable growth.

We intend to capitalize on our competitive strengths by pursuing the following strategies: (i) continue to drive dual engines of innovation with synergy in small molecules and biologics; (ii) focus on clinical value to address unmet needs through differentiated innovation; (iii) maximize commercial value with competitive advantages of core products; (iv) strengthen commercialization capabilities with diversified business models; and (v) advance global R&D and partnerships to enhance competitiveness.

RESEARCH AND DEVELOPMENT

We have established a world-class R&D system anchored by our dual technology platforms and reinforced our research capabilities and industry position in oncology, enabling the efficient and continuous advancement of our pipeline. Our R&D team comprised of experts with extensive experience in drug discovery, chemistry, manufacturing and controls ("**CMC**") research, preclinical development, clinical development, regulatory affairs and post-market research, covering the entire R&D cycle. Our R&D activities are primarily conducted through our R&D centers in Kunshan and Shanghai, PRC. For details see "Business — Research and Development."

OUR COLLABORATIONS AND LICENSE AGREEMENT

We have entered into collaborations with industry-renowned contract sales organizations ("**CSOs**") to promote certain of our products. As of June 30, 2026, we had three CSOs, two of which were engaged on an exclusive basis, namely Grand Life Sciences, which we appointed as the exclusive commercialization service provider for Zepuning in Chinese Mainland, Hong Kong, Macau, and Taiwan (collectively, "**Greater China**"), and ATSA, a Swiss subsidiary of Merck, which we granted an exclusive right to commercialize Zesuning in the PRC. See "Business — Sales, Promotion and Distribution — Sales and Promotion." On December 30, 2025, we entered into a collaboration and option to license agreement (as may be amended from time to time, the "**AbbVie Agreement**") with AbbVie Group Holdings Limited ("**AbbVie**"), pursuant to which we granted AbbVie an exclusive option to obtain an exclusive license to develop, manufacture, commercialize, or otherwise exploit ZG006 and any product containing ZG006 in all countries or jurisdictions worldwide outside Chinese Mainland, Hong Kong, and Macau. See "Business — Our Collaboration and License Agreement."

We pursue a differentiated, region-specific out-licensing strategy aligned with our pipeline positioning and maturity. For core innovative assets, we will generally retain development and commercialization rights in Chinese Mainland, Hong Kong and Macau while out-licensing overseas

rights. Marketed and non-oncology products are commercialized through exclusive strategic collaborations with domestic or international partners. Licensing agreements typically involve upfront payments, development and sales milestones, and tiered royalties.

DISTRIBUTION

We sell a substantial majority of our products to third-party distributors, who are our direct customers and are responsible for selling and delivering our products to hospitals, other medical institutions and pharmacies. As of June 30, 2026, our distribution network comprised 166 distributors across China. See "Business — Sales, Promotion and Distribution — Distribution."

COMPETITION

The pharmaceutical market in China is highly competitive. We face competition from other pharmaceutical companies and emerging biotechnology companies engaged in R&D, production, promotion or sales of pharmaceutical products, particularly in our therapeutic areas. Our products primarily compete with products for similar indications on the basis of efficacy, safety, price, brand, general market acceptance, and recognition. See "Industry Overview" for more details about the major competitors of our products.

BUSINESS SUSTAINABILITY

We recorded net losses of RMB295.1 million, RMB150.3 million and RMB165.1 million in 2023, 2024 and 2025, respectively, and a net loss of RMB68.1 million for the six months ended June 30, 2025, compared to a net profit of RMB640.0 million for the same period in 2026. Our net losses recorded during the Track Record Period were primarily attributable to: (i) sustained high R&D investment; and (ii) early stages of commercialization; while the net profit was primarily attributable to the significant licensing revenue arising from upfront fee paid by AbbVie under the AbbVie Agreement during the six months ended June 30, 2026. For details, see "Financial Information — Business Sustainability" and "Business — Our Collaboration and License Arrangement." Our net profit for six months ended June 30, 2026 may not be sustainable in the near future, due to the one-off nature of the upfront payment from AbbVie and uncertainties regarding the timing and amounts of subsequent milestone payments. See also "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We have incurred net losses and may continue to incur losses for the foreseeable future, and we may not achieve or maintain profitability."

Sustainability of Profitability

While our business recorded losses during most of the Track Record Period, we recorded net profit for the six months ended June 30, 2026. As such net profit was primarily driven by the upfront payment from AbbVie, we recognize that near-term profitability may be subject to fluctuation. We are committed to building a sustainable profitability trajectory through measures including (i) continuing to advance commercialization and build a multi-product marketing framework; (ii) strategically focusing on product R&D and continuously strengthening our competitiveness; and (iii) optimizing cost structure and enhancing operational efficiency. For details, see "Financial Information — Business Sustainability — Sustainability of Profitability."

INTELLECTUAL PROPERTY RIGHTS

The intellectual property rights that our products have relate principally to their compound, compositions, preparation methods and/or production processes. As of June 30, 2026, we held 39 registered patents in the PRC and 113 registered patents in other jurisdictions, as well as 378 pending patent applications. As of the same date, we also held nine registered domain names and 30 registered trademarks in the PRC. For details, see "Business — Intellectual Property Rights" and "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights."

PRODUCTION AND QUALITY CONTROL

We have established comprehensive in-house manufacturing capabilities covering the production of chemical drug tablets, as well as drug substances and drug products of recombinant protein drugs. During the Track Record Period and up to the Latest Practicable Date, all of our commercialized drugs were produced in-house. For details regarding our production process, production facilities, collaborations with CDMOs, raw material suppliers and procurement, quality management, and inventory management, see "Business — Production and Quality Control."

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our distributors which directly purchase pharmaceutical products from us. The aggregate sales to our five largest customers for 2023, 2024, 2025 and the six months ended June 30, 2026, were RMB320.3 million, RMB447.6 million, RMB659.0 million, and RMB1,089.4 million, respectively, representing 82.2%, 84.2%, 81.4%, and 90.4% of our revenue for the respective period. For details, see "Business — Our Customers and Suppliers — Our Customers."

Our suppliers primarily include suppliers of the raw materials and drugs to support our R&D, manufacturing, and marketing activities. Purchases from our five largest suppliers for 2023, 2024, 2025 and the six months ended June 30, 2026, were RMB128.6 million, RMB163.4 million, RMB282.0 million, and RMB192.5 million, respectively, representing 28.0%, 32.3%, 40.2%, and 40.4% of our total purchase cost for the respective period. For details, see "Business — Our Customers and Suppliers — Our Suppliers."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary Data of Consolidated Statements of Profit or Loss

The following table sets forth summary data from our consolidated statements of profit or loss and other comprehensive expenses for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	**383,557**	**531,529**	**810,188**	**375,542**	**1,204,390**
Cost of sales	(28,209)	(34,278)	(80,866)	(42,138)	(66,209)
Gross profit	**355,348**	**497,251**	**729,322**	**333,404**	**1,138,181**
Other income and gains	138,380	102,376	106,313	56,153	52,722
Selling and distribution expenses	(250,488)	(271,448)	(465,359)	(211,258)	(284,670)
Administrative expenses	(17,584)	(59,636)	(82,654)	(35,132)	(41,342)
R&D expenses	(496,330)	(387,999)	(429,907)	(196,504)	(199,537)
Other expenses	(4,094)	(6,699)	(2,169)	(2,725)	(15,406)
Finance costs	(24,317)	(28,893)	(24,201)	(13,872)	(11,303)
(Loss)/Profit before tax	**(299,085)**	**(155,048)**	**(168,655)**	**(69,934)**	**638,645**
Income tax credit	3,950	4,749	3,528	1,845	1,365
(Loss)/Profit for the year/period	**(295,135)**	**(150,299)**	**(165,127)**	**(68,089)**	**640,010**

Revenue

During the Track Record Period, we generated our revenue from sales of pharmaceutical products in the PRC and licensing activities. In 2025, our licensing revenue arose from an upfront fee paid by an overseas distributor under a license and distribution agreement. In the six months ended June 30, 2026, our licensing revenue arose from upfront payment from AbbVie in accordance with the AbbVie Agreement, partially offset by a deduction in respect of the upfront fee previously received from the previously mentioned overseas distributor, which has been reversed in our financial statements following the termination of the license and distribution arrangement with it. For details regarding our licensing activities, see "Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement" and "Business — Our Collaboration and License Arrangement." The following table sets forth our revenue from the sales of our pharmaceutical products by product and from licensing activities, as well as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (Unaudited)*	*%*	*RMB'000 (Unaudited)*	*%*
Sales of Pharmaceutical Products	383,557	100.0	531,529	100.0	802,641	99.1	375,542	100.0	549,628	45.6
Licensing	–	–	–	–	7,547	0.9	–	–	654,762	54.4
Total	**383,557**	**100.0**	**531,529**	**100.0**	**810,188**	**100.0**	**375,542**	**100.0**	**1,204,390**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less our cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue. The following table sets forth a breakdown of our gross profit and gross profit margin by source of revenue for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000* *(Unaudited)*	*%*
Sales of Pharmaceutical Products	355,348	92.6	497,251	93.6	721,775	90.0	333,404	88.8	492,228	89.6
Licensing	–	–	–	–	7,547	100.0	–	–	645,953	98.7
Total	**355,348**	**92.6**	**497,251**	**93.6**	**729,322**	**90.0**	**333,404**	**88.8**	**1,138,181**	**94.5**

In 2023 and 2024, all of our gross profit was attributable to sales of pharmaceutical products. In 2025, our total gross profit amounted to RMB729.3 million, taking into account sales of pharmaceutical products as well as licensing activities with Lancet. For the six months ended June 30, 2025, our gross profit amounted to RMB333.4 million, attributable to sales of pharmaceutical products, while for the six months ended June 30, 2026, our gross profit amounted to RMB1,138.2 million, taking into account sales of pharmaceutical products as well as upfront payment received from AbbVie in accordance with our licensing arrangement with it. For further details, see "Financial Information — Description of Major Components of Our Results of Operations."

(Loss)/Profit for the Year/Period

We recorded net losses of RMB295.1 million, RMB150.3 million and RMB165.1 million in 2023, 2024 and 2025, respectively, and a net loss of RMB68.1 million for the six months ended June 30, 2025, compared to a net profit of RMB640.0 million for the same period in 2026. Our net losses recorded during 2023, 2024, 2025 and the six months ended June 30, 2025 were primarily in relation to: (i) our substantial investment in R&D activities, mainly related to our expenses in pre-clinical and clinical research, as well as staff costs, and (ii) selling and distribution expenses primarily used in the promotion and marketing of our newly commercialized drug products. We recorded net profit during the six months ended June 30, 2026, primarily due to the licensing revenue arising from upfront payment received from AbbVie in accordance with the AbbVie Agreement. See "Financial Information — Business Sustainability" for more details.

Summary Data from Consolidated Statements of Financial Position

The following table sets forth summary data from our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Total non-current assets	366,872	428,715	526,081	564,270
Total current assets	2,520,336	2,575,899	2,443,105	2,961,969
Total current liabilities	1,135,182	1,373,444	1,427,939	1,185,163
Net current assets	1,385,154	1,202,455	1,015,166	1,776,806
Total non-current liabilities	107,189	378,568	460,797	620,589
Net assets	1,644,837	1,252,602	1,080,450	1,720,487

Our net assets increased from RMB1,080.5 million as of December 31, 2025 to RMB1,720.5 million as of June 30, 2026, mainly because we recorded net profit of RMB640.0 million for the six months ended June 30, 2026, primarily attributable to the upfront payment received from AbbVie in accordance with the AbbVie Agreement.

Our net assets decreased from RMB1,644.8 million as of December 31, 2023 to RMB1,252.6 million as of December 31, 2024, and further to RMB1,080.5 million as of December 31, 2025, primarily due to (i) net losses of RMB150.3 million and RMB165.1 million recorded in 2024 and 2025, respectively; and (ii) our acquisitions of additional 36.43% and 7.83% equity interests in Gensun Biopharma Inc. ("**Gensun Biopharma**") from non-controlling shareholders for RMB234.8 million and RMB9.5 million in 2024 and 2025, respectively.

Our net assets increased from RMB787.5 million as of January 1, 2023 to RMB1,644.8 million as of December 31, 2023, mainly because our share capital increased by RMB1,200.0 million in 2023 as a result of new issuances of our A Shares, partially offset by our net loss of RMB295.1 million recorded in 2023. For further details on issuance of our A Shares, see note 32 to the Accountant's Report set forth in Appendix I to this document.

For further details on the changes of our net assets, please refer to "Consolidated Statements of Changes in Equity" in the Accountant's Report set forth in Appendix I to this document. For further details of our financial position, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this document.

Summary Data from Consolidated Statements of Cash Flows

The following table sets forth summary data from our consolidated statements of cash flows for the periods indicated. For further details, see "Financial Information — Liquidity and Capital Resources — Cash Flows."

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Net cash from/(used in) operating activities	(289,924)	42,308	(32,575)	(10,324)	814,558
Net cash from/(used in) investing activities	(589,133)	(566,649)	(55,356)	(62,191)	407,458
Net cash from/(used in) financing activities	1,507,522	(54,750)	(3,968)	19,233	(338,694)
Net increase (decrease) in cash and cash equivalents	**628,465**	**(579,091)**	**(91,899)**	**(53,282)**	**883,322**
Cash and cash equivalents at the beginning of the year/period	171,106	799,777	217,265	217,265	124,658
Effect of foreign exchange rate changes	206	(3,421)	(708)	(621)	(5,349)
Cash and cash equivalents at the end of the year/period	**799,777**	**217,265**	**124,658**	**163,362**	**1,002,631**

For the six months ended June 30, 2026, our net cash from operating activities was RMB814.6 million, which was primarily attributable to our profit before tax of RMB638.6 million arising from the upfront payment received from AbbVie, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB164.8 million, mainly representing the upfront payment we received from Merck as agreed in the exclusive commercialization service agreement in relation to our strategic promotional partnership with it, (ii) an increase in contract liabilities of RMB38.0 million, and (iii) an increase in trade and bills payables of RMB38.4 million. Negative adjustments primarily included (i) an increase in trade and bills receivables of RMB52.8 million, (ii) interest income of RMB27.9 million, and (iii) an increase in inventories of RMB24.9 million.

In 2025, our net cash used in operating activities was RMB32.6 million, which was primarily attributable to our loss before tax of RMB168.7 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB64.9 million, mainly representing the upfront payment we received from Merck as agreed in the exclusive commercialization service agreement in relation to our strategic promotional

partnership with it, (ii) an increase in trade and bills payables of RMB60.1 million, and (iii) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB55.6 million. Negative adjustments primarily included (i) an increase in other receivables, deposits and prepayments of RMB13.1 million, (ii) interest income of RMB55.1 million and (iii) an increase in trade and bills receivables of RMB11.0 million.

In 2024, our net cash generated in operating activities was RMB42.3 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB236.0 million, mainly attributable to the upfront payment we received from Grand Life Sciences in relation to our strategic promotional partnership, (ii) an increase in trade and bills payables of RMB36.3 million, and (iii) depreciation of property, plant and equipment of RMB33.3 million. Negative adjustments primarily included (i) an increase in inventories of RMB72.0 million, (ii) interest income of RMB58.3 million and (iii) an increase in trade and bills receivables of RMB44.7 million.

In 2023, our net cash used in operating activities was RMB289.9 million, which was primarily attributable to our loss before tax of RMB299.1 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB59.2 million, (ii) finance costs of RMB24.3 million and (iii) an increase in deferred income of RMB23.1 million. Negative adjustments primarily included forfeitures of share options of RMB36.7 million.

We expect to improve our operating cash flow position through (i) strengthening commercialization and revenue growth, (ii) enhancing budget discipline and cost control and (iii) optimizing working capital management. For further details, see "Financial Information—Liquidity and Capital Resources—Cash Flows—Operating Activities."

Key Financial Ratios

The table below sets forth our key financial ratios as of the dates indicated. For further details, see "Financial Information — Key Financial Ratios."

	Year Ended/As of December 31,			Six Months Ended/ As of June 30,
	2023	2024	2025	2026
Gross profit margin[(1)]	92.6%	93.6%	90.0%	94.5%
Current ratio[(2)]	2.2	1.9	1.7	2.5
Quick ratio[(3)]	2.1	1.7	1.6	2.3
Gearing ratio[(4)]	54.0%	82.7%	104.8%	47.3%

(1) Gross profit margin equals gross profit for the year/period divided by revenue for the respective year/period and multiplied by 100%.
(2) Current ratio equals total current assets divided by total current liabilities as of the relevant dates.
(3) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates.
(4) Gearing ratio is calculated by dividing bank loans and lease liabilities divided by total equity as of the end of the year/period multiplied by 100%.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks including those set out in the section headed "Risk Factors" in this document. 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: (i) our business and prospects depend substantially on the successful clinical development, regulatory approval, and commercialization of our drug candidates; (ii) if we fail to obtain timely regulatory approvals in the target markets for our drug candidates, or if the approval process is delayed, our business may suffer material and substantial damage; (iii) we rely on the sales of certain major products in China, and our products may fail to achieve or maintain market acceptance or the expected market size, which could materially and adversely affect our business; (iv) adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved drug, or result in significant negative consequences following any regulatory approval; (v) we recorded net cash outflows used in our operating activities during the Track Record Period, and we may need to obtain additional financing to fund our operations and execute our growth strategy. Any inability to obtain sufficient funding, or any failure to effectively manage or realize the returns on our R&D investments, could materially and adversely affect our business, financial condition, results of operations and prospects; (vi) we incurred net losses during the Track Record Period and may incur losses for the foreseeable future, and we may not maintain profitability; (vii) we face substantial competition and our competitors may discover, develop or commercialize competing products faster or more successfully than we do; (viii) if the products we sell are excluded, removed, or limited

from government-sponsored or commercial medical insurance programs, or are included in any national negative catalogs in China or assigned with black box warnings issued by the NMPA, the FDA, our sales, profitability and business prospects could be adversely affected; and (ix) if we are unable to conduct effective promotion or maintain a qualified sales force, the sales volume of our products and our operations, revenue, profitability and business prospects could be adversely affected.

OUR SINGLE LARGEST SHAREHOLDER GROUP

Pursuant to the Concert Party Agreement dated April 12, 2019, and the latest Renewed Concert Party Agreement dated January 23, 2026, which shall remain valid for 12 months and be further renewed after both parties' negotiation before expiry, Ms. Lu has remained and will continue to act in concert with Dr. Sheng in respect of matters at shareholders' general meetings and board meetings of the Company. By virtue of the Concert Party Agreement and the Renewed Concert Party Agreement, Dr. Sheng and Ms. Lu directly controlled an aggregate of 62,268,264 Shares, representing approximately 23.52% of the voting rights in the Company as at the Latest Practicable Date, and approximately [**REDACTED**]% of the voting rights in the Company immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]). For details, see "History, Development and Corporate Structure — Concert Party Arrangement" in this document.

APPLICATION FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

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

[**REDACTED**]

[REDACTED] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no H Shares are issued pursuant to the [**REDACTED**]. For further details, see "Financial Information — [**REDACTED**] Expenses."

DIVIDENDS

We do not currently have a formal dividend policy or a fixed dividend payout ratio. No dividend has been proposed, paid or declared by us during the Track Record Period and up to Latest Practicable Date. After the completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting. In view of our accumulated losses, as advised by our PRC Legal Adviser, according to the relevant PRC laws and regulations and the Articles of Association,

we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws, regulations and our Articles of Association. For further details, see "Financial Information — Dividends."

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since the Company's listing on the STAR Market of the Shanghai Stock Exchange in 2020 and up to the Latest Practicable Date, we had not received any notice from the Shanghai Stock Exchange alleging any non-compliance incidents on the part of the Company or our subsidiaries, and we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Adviser is of the view that during the Track Record Period, we have not been subject to any material administrative penalties or regulatory measures imposed by CSRC or the Shanghai Stock Exchange. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respects.

The Company seeks to be [**REDACTED**] on the Stock Exchange in order to further advance our international strategy, allow better access to the international capital market, enhance our capabilities to attract more overseas [**REDACTED**] and optimize our international brand image, which in turn may further enhance our overall competitiveness.

USE OF [REDACTED]

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

In line with our strategies, we intend to use the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (A) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to our R&D initiatives and clinical development of our drug candidates, including advancing antibody therapies with a particular focus on bispecific and trispecific antibodies and expanding our pipeline of next generation small-molecule targeted drugs, specifically: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZG006; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZG005; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZGGS34; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZGGS18; and (v) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to research and discovery, including pre-clinical and early-stage clinical trials for immune cell engagers in bispecific and multi-specific antibodies, and small-molecule targeted drugs; and (B) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to working capital and general corporate purposes. For details, see "Future Plans and Use of [**REDACTED**]."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since June 30, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document.

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

"A Share(s)"	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the Shanghai Stock Exchange STAR Market
"A Shareholder(s)"	holder(s) of the A Share(s)
"Accountants' Report"	the accountants' report of the Company, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Ares Trading S.A."	ATSA
"Articles of Association" or "Articles"	the articles of association of the Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of the Company
"business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China," "Chinese Mainland" or "PRC"	the People's Republic of China and for the purpose of this document only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Suzhou Zelgen Biopharmaceuticals Co., Ltd. (蘇州澤璟生物製藥股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on March 18, 2009, the A Shares of which have been listed on the Shanghai Stock Exchange STAR Market (stock code: 688266.SH)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Data Privacy Protection Legal Adviser"	Jia Yuan Law Offices, our legal adviser as to PRC data privacy protection laws
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Dr. Sheng"	Dr. Sheng Zelin (盛澤林), the chairman of the Board, an executive Director and the general manager of the Company and one of the members of our Single Largest Shareholder Group
"EIT"	PRC enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Exchange Participant"	a person (a) who, in accordance with the Listing Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, an independent market research and consulting company

[**REDACTED**]

"Grand Life Sciences"	Grand Life Sciences (Shandong) Co., Ltd.
"Group," "our Group," "we" or "us"	the Company and our subsidiary from time to time
"Guangzhou Jing'ao"	Guangzhou Jing'ao Venture Investment Partnership (Limited Partnership) (廣州璟奧創業投資合夥企業(有限合夥)), a limited liability partnership established under the PRC laws on December 28, 2016, formerly known as Kunshan Jing'ao Venture Investment Partnership (Limited Partnership) (昆山璟奧創業投資合夥企業(有限合夥))
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[**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**]

"IFRS"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"independent third party(ies)"	entity(ies) or person(s) who is/are not connected person(s) of the Company or its subsidiary

[**REDACTED**]

[**REDACTED**]

"International Sanctions"	any measures enacted by jurisdictions as trade or economic sanctions against foreign countries, governments, entities or persons by restricting the enacting jurisdictions' nationals from making assets or services available, directly or indirectly, to them, dealing with their assets or otherwise conducting commercial transactions with them
"International Sanctions Legal Adviser"	DLA Piper Singapore Pte. Ltd., our legal adviser as to International Sanctions laws

[**REDACTED**]

"Joint Overall Coordinators"	the joint overall coordinators as named in "Directors and Parties Involved in the Global Offering"
"Latest Practicable Date"	August 5, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Lu"	Ms. Lu Huiping (陸惠萍), an executive Director and the executive deputy general manager of the Company and one of the members of our Single Largest Shareholder Group
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NHSA"	the National Healthcare Security Administration (國家醫療保障局)
"Ningbo Jingchen"	Ningbo Jingchen Investment Partnership (Limited Partnership) (寧波璟晨投資合夥企業(有限合夥)), a limited liability partnership established under the PRC laws on August 9, 2018
"Ningbo Ze'ao"	Ningbo Ze'ao Venture Capital Partnership Enterprise (Limited Partnership) (寧波澤奧創業投資合夥企業(有限合夥)), a limited liability partnership established under the PRC laws on February 19, 2016, formerly known as Ningbo Ze'ao Equity Investment Management Partnership (Limited Partnership) (寧波澤奧股權投資管理合夥企業(有限合夥))
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	Generally accepted accounting principles of the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities
"PRC Legal Adviser"	JunHe LLP, our legal adviser 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**]

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)

"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising our A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program to be developed by the Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shenzhen
"Single Largest Shareholder Group"	Dr. Sheng and Ms. Lu collectively
"Sole Sponsor"	the sole sponsor as named in "Directors and Parties Involved in the [**REDACTED**]"

[**REDACTED**]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2025 and the six months ended June 30, 2026
"Trial Measures for Overseas Listing"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), as amended, supplemented or otherwise modified from time to time
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"VAT"	value-added tax

[**REDACTED**]

"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

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.

"ACVR1"	Activin A Receptor Type 1, a protein involved in cell signaling pathways that regulate growth and development
"AD"	atopic dermatitis, a chronic, inflammatory, immune-mediated skin disease
"ADC"	antibody-drug conjugate
"ADCC"	antibody-dependent cell-mediated cytotoxicity, an immune response in which antibodies bind to target cells and direct immune cells to destroy them
"AE"	adverse event
"AESI"	adverse event of special interest, a specific type of adverse event that is of particular concern in clinical studies due to its potential impact on the safety of patients
"Ag"	antigen, a substance that triggers an immune response, often by being recognized as foreign by the body
"angiogenesis"	the formation of new blood vessels
"APC"	antigen-presenting cell, a type of immune cell that processes and presents antigens on its surface to T cells, thereby initiating and regulating the adaptive immune response
"API"	active pharmaceutical ingredient
"apoptosis"	a form of programmed cell death in which a programmed sequence of events leads to the elimination of cells
"APPLE"	Asia Pacific Primary Liver Cancer Expert Meeting
"AS"	ankylosing spondylitis
"ASAS"	Assessment of Spondyloarthritis International Society
"ASAS40"	a ≥40% improvement in 3 of the 4 domains with an absolute improvement of at least 2 on a 0-to-10 scale, and no worsening in the remaining domain
"ASCO"	American Society of Clinical Oncology

GLOSSARY OF TECHNICAL TERMS

"AST"	aspartate aminotransferase, an enzyme found mostly in the liver, heart, muscles and kidneys; high levels of which in the blood may indicate hepatitis, cirrhosis, or other liver diseases
"BASDAI"	Bath Ankylosing Spondylitis Disease Activity Index
"BASFI"	Bath Ankylosing Spondylitis Functional Index
"BID"	twice daily
"biomarker"	a naturally-occurring molecule, gene, or characteristic by which a particular pathological or physiological process, disease, etc. can be identified
"biosimilar"	the generic version of a patented biologic drug
"breakthrough therapy designation"	a regulatory designation granted by a competent authority to expedite the development and review of a drug candidate for serious or life-threatening conditions based on preliminary clinical evidence indicating substantial improvement over existing therapies
"BLA"	Biologics License Application
"CD3"	cluster of differentiation 3, a protein complex and T cell co-receptor that is involved in activating both the cytotoxic T cell and T helper cells
"CD28"	cluster of differentiation 28, a protein expressed on T cells that provides essential co-stimulatory signals required for T cell activation and survival
"CDE"	the Center for Drug Evaluation of NMPA
"CDMO"	contract development and manufacturing organization
"CHO cell"	Chinese hamster ovary cell
"CI"	confidence interval
"CIN"	cervical intraepithelial neoplasia, the abnormal growth of cells on the surface of the cervix that could potentially lead to cervical cancer
"CMC"	chemistry, manufacturing, and controls
"companion diagnostic"	a medical device, often an in vitro diagnostic, which provides information that is essential for the safe and effective use of a corresponding drug or biological product
"CR"	complete response
"CRS"	cytokine release syndrome

GLOSSARY OF TECHNICAL TERMS

"CRO"	contract research organization
"CSCO"	Chinese Society of Clinical Oncology
"CSO"	contract sales organization
"CT"	computed tomography
"CTLA-4"	cytotoxic T-lymphocyte associated protein 4, a protein receptor that functions as an immune checkpoint and downregulates immune responses
"DCR"	disease control rate, the proportion of patients who have achieved either a complete response, partial response, or stable disease after treatment
"deuteration"	the process of replacing hydrogen atoms (^{1}H) in a molecule with deuterium (^{2}H), a heavier isotope of hydrogen
"DLL3"	delta-like ligand 3, a ligand in the Notch signaling pathway and is highly expressed in SCLC and other conditions
"DNA"	deoxyribonucleic acid
"DoR"	duration of response, the length of time that a tumor continues to respond to treatment before it grows or spreads again
"dose escalation"	a phase in a clinical trial in where the dose of a drug is gradually increased in different groups of people in order to determine the maximum tolerated dose
"DTC"	differentiated thyroid cancer
"EC"	esophageal cancer
"EGFR"	epidermal growth factor receptor
"EHA"	European Hematology Association
"ERK"	extracellular signal-regulated kinase, a key protein in the mitogen-activated protein kinase signaling pathway
"ESG"	environmental, social and governance
"ESMO"	European Society for Medical Oncology
"ESR"	erythrocyte sedimentation rate
"ET"	essential thrombocythemia
"EULAR"	European Alliance of Associations for Rheumatology

GLOSSARY OF TECHNICAL TERMS

"FAS"	full analysis set
"FDA"	U.S. Food and Drug Administration
"first-line"	the treatment regimen or regimens that are generally accepted by the medical establishment for initial systematic treatment
"FLT3"	FMS-like tyrosine kinase 3
"G12C"	a KRAS mutation in which glycine (G) at codon 12 is replaced by cysteine (C), leading to constitutive KRAS activation
"G12D"	a KRAS mutation in which glycine (G) at codon 12 is substituted with aspartic acid (D), frequently found in pancreatic, colorectal and lung cancers and associated with aggressive tumor biology
"G12V"	a KRAS mutation in which glycine (G) at codon 12 is substituted with valine (V), prevalent in pancreatic and colorectal cancers and known to drive strong activation of KRAS signaling pathways
"G13D"	a KRAS mutation in which glycine (G) at codon 13 is substituted with cysteine (C), less common than codon 12 mutations but similarly leads to constitutive KRAS activation and tumorigenesis
"GC"	gastric cancer
"GDP"	guanosine diphosphate, a nucleotide that plays a significant role in cellular metabolism and signaling; it is composed of a guanine base, a ribose sugar, and two phosphate groups
"GMP"	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture of products
"Grade ≥3 TEAE"	a severe adverse event (Grade 3 or above) based on the Common Terminology Criteria for Adverse Events (CTCAE)
"GSP"	good supply practice
"GTP"	guanosine triphosphate, a nucleotide that serves as an essential energy source and signaling molecule in various biological processes; it is composed of a guanine base, a ribose sugar, and three phosphate groups
"half-life"	the elimination half-life, defined as the time required for the concentration of a specific substance, typically a drug, to decrease to half of its initial amount in the body
"HCC"	hepatocellular carcinoma
"HGB"	hemoglobin

GLOSSARY OF TECHNICAL TERMS

"HNSCC"	head and neck squamous cell carcinoma
"HR"	hazard ratio, the ratio of the hazard rates corresponding to the conditions characterised by two distinct levels of a treatment variable of interest
"HRAS"	Harvey rat sarcoma viral oncogene homolog, a member of the RAS family of small GTP-binding proteins
"HU"	hydroxyurea
"IC_{50}"	half maximal inhibitory concentration
"ICI"	immune checkpoint inhibitor
"IL-1"	interleukin-1, a cytokine with potent inflammatory and immune-amplifying effects, mainly produced by macrophages during defensive reactions
"IL-6"	interleukin-6, an interleukin that acts as both a pro-inflammatory cytokine and an anti-inflammatory myokine
"IL-12"	interleukin-12, an interleukin that is naturally produced by dendritic cells, macrophages, neutrophils, helper T cells and human B-lymphoblastoid cells (NC-37) in response to antigenic stimulation
"IL-17"	interleukin-17, a key cytokine that links T cell activation to neutrophil mobilization and activation
"IL-23"	a heterodimeric cytokine composed of an IL-12B (IL-12p40) subunit (which is shared with IL-12) and an IL-23A (IL-23p19) subunit
"immunotherapy"	use of the immune system to treat disease
"IND"	investigational new drug
"innovative drugs"	new drugs based on novel mechanisms of action, new molecular entities, or new therapeutic approaches
"*in vitro*"	Latin for "within the glass," studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"*in vivo*"	studies in which the effects of various biological entities are tested on whole, living organisms or cells, usually animals, including humans, and plants, as opposed to a tissue extract or dead organism
"IRC"	independent review committee
"ITT"	intent-to-treat
"IU"	International units

"IWG-MRT"	International Working Group-Myeloproliferative Neoplasms Research and Treatment
"JAK"	Janus Kinase, a family of intracellular, non-receptor tyrosine kinases that transduce cytokine-mediated signals via the JAK-STAT pathway, including JAK1, JAK2, JAK3 and TYK
"KOLs"	key opinion leaders, trusted experts or professionals with significant influence in a specific niche or industry (e.g., tech, medicine, beauty) who shapes public opinion and consumer behavior
"KRAS"	Kirsten rat sarcoma viral oncogene homologue, a member of the RAS family proteins
"LAG-3"	lymphocyte-activation gene 3
"MAPK"	mitogen-activated protein kinase
"MEK"	MAPK/ERK Kinase
"MF"	myelofibrosis
"MHC"	major histocompatibility complex, a large locus on vertebrate DNA containing a set of closely linked polymorphic genes that code for cell surface proteins essential for the adaptive immune system
"mITT"	modified intention-to-treat
"mOS"	median overall survival, the length of time from either the date of diagnosis or the start of treatment for a disease that half of the patients in a group of patients diagnosed with the disease are still alive
"mPFS"	median progression-free survival, the median time during a clinical study that patients live without disease progression or worsening
"MPN"	myeloproliferative neoplasm
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects, established through clinical trials to determine the optimal balance between efficacy and toxicity
"MUC17"	Mucin 17
"NDA"	New Drug Application
"NEC"	neuroendocrine carcinoma
"NEN"	neuroendocrine neoplasm
"NET"	neuroendocrine tumors

"new drugs"	pharmaceutical products that have not been approved for commercial marketing by the relevant regulatory authorities
"NIS"	sodium-iodide symporter
"NK cell"	natural killer cell, a type of cytotoxic lymphocyte critical to the innate immune system
"nM" or "nanomolar"	a unit of concentration (10^{-9} mol/L) commonly used to describe drug concentration
"NMPA"	National Medical Products Administration of China
"NRAS"	neuroblastoma RAS viral oncogene homolog, a member of the RAS family of small GTP-binding proteins
"NRDL"	National Reimbursement Drug List
"NSAID"	non-steroidal anti-inflammatory drugs
"NSCLC"	non-small cell lung cancer, any carcinoma (as an adenocarcinoma or squamous cell carcinoma) of the lungs that is not a small-cell lung cancer
"nucleotide exchange"	the process by which GDP dissociates from KRAS and is replaced by GTP, activating KRAS
"orphan drug designation"	a regulatory designation granted to a drug intended for the treatment of a rare disease or condition, providing development incentives under applicable laws and regulation
"ORR"	objective response rate, the proportion of patients who have a partial or complete response to therapy
"OS"	overall survival
"p-NEN"	pancreatic neuroendocrine neoplasm
"pan-KRAS"	a therapeutic strategy or agent designed to inhibit multiple KRAS mutant variants across different codons, rather than targeting a single KRAS mutation subtype
"pan-RAS"	inhibitors which are specifically designed to target multiple isoforms of the RAS protein family, such as H-RAS, K-RAS and N-RAS
"PD-1"	programmed death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages, acting to turn off the T cell-mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body
"PDGFR"	platelet-derived growth factor receptors

GLOSSARY OF TECHNICAL TERMS

"PD-L1"	programmed death-ligand 1, a protein on the surface of a normal cell or a cancer cell that attaches to PD-1 on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PET-MF"	post-essential thrombocythemia myelofibrosis
"PFS"	progression-free survival, the time during and after treatment in which the patient lives without disease progression
"PI"	principal investigator, the researcher, usually a doctor or other medical professional, who leads the clinical research team
"PK"	pharmacokinetic, a term refers to the study of how a drug is absorbed, distributed, metabolized, and eliminated by the body, providing crucial information on the drug's behavior and dosing regimen
"PMF"	primary myelofibrosis
"PPV-MF"	post-polycythemia vera myelofibrosis, a subtype of secondary myelofibrosis that develops in patients with prior polycythemia vera, characterized by bone marrow fibrosis, splenomegaly, anemia, and constitutional symptoms, used as a disease classification in clinical trials and treatment guidelines
"PR"	partial response
"PV"	polycythemia vera
"PVR"	poliovirus receptor, a cell surface protein that binds poliovirus and is involved in immune responses and cell junctions
"QoL"	quality of life
"QSAR"	quantitative structure-activity relationship
"Qualified Person"	person responsible for certifying that each batch of a medicinal product meets all required provisions when released from a manufacturing facility
"Q2W"	once every two weeks
"Q3W"	once every three weeks
"r-axSpA"	radiographic axial spondyloarthritis
"R&D"	research and development
"RAI"	radioactive iodine, a form of iodine that emits radiation, targeting overactive or cancerous thyroid cells because the thyroid naturally absorbs iodine

GLOSSARY OF TECHNICAL TERMS

"RAIR-DTC"	radioiodine-refractory differentiated thyroid cancer
"RAS"	rat sarcoma, a family of proteins that are critical regulators of cellular signaling pathways; it primarily includes HRAS, KRAS, and NRAS
"RECIST"	Response Evaluation Criteria in Solid Tumours
"rhTSH"	recombinant human thyroid-stimulating hormone
"RMP"	risk management
"SAE"	serious adverse event, an adverse event that results in significant medical consequences, such as hospitalization or disability
"SALT score"	Severity of Alopecia Tool score, a standardized measurement for scalp hair loss (alopecia areata), ranging from 0 (no loss) to 100 (complete loss)
"SCLC"	small-cell lung cancer
"SD"	stable disease
"second-line"	with respect to any disease, the therapy or therapies that are given when initial treatments (first-line therapy) do not work, or stop working
"small-molecule inhibitor"	a low-molecular-weight compound designed to modulate the activity of a target protein, such as KRAS, by binding to it
"SOP"	standard operation procedure
"SOS1"	son of sevenless homolog 1, a protein that in humans is encoded by the SOS1 gene
"sqNSCLC"	squamous non-small cell lung cancer
"STAT"	signal transducer and activator of transcription protein
"SVR35"	spleen volume reduction $\geq$35%
"T3"	Triiodothyronine, a crucial thyroid hormone that regulates metabolism, body temperature, heart rate, growth, and energy use
"T4"	thyroxine
"TCE"	T-cell engager, a type of bispecific or multi-specific antibody that binds to tumor-associated antigens and CD3 on T cells to redirect and activate T cells to kill cancer cells
"TCS"	topical corticosteroids

GLOSSARY OF TECHNICAL TERMS

"TEAE"	treatment-emergent adverse effect
"Tg"	thyroglobulin
"TgAb"	thyroglobulin antibody
"TGF-β"	transforming growth factor beta
"THW"	thyroid hormone withdrawal, a preparation method for radioiodine imaging that elevates endogenous TSH levels by temporarily discontinuing thyroid hormone replacement therapy, often causing hypothyroid symptoms
"TIGIT"	T-cell immunoreceptor with Ig and ITIM domains, a key target for cancer immunotherapy drugs
"TLR8"	Toll-like receptor 8
"TNF"	tumor necrosis factor, a chemical messenger produced by the immune system that induces inflammation
"TRAE"	treatment-related adverse event, undesirable events not present prior to medical treatment or an already present event that worsens in intensity or frequency as a result of the treatment
"trispecific antibody"	an advanced engineered antibody that can bind to three different targets simultaneously
"TSH"	thyroid-stimulating hormone
"TSHR"	thyroid-stimulating hormone receptor
"TTH"	time to hemostasis
"tumor microenvironment"	the complex ecosystem surrounding a tumor, consisting of cancer cells, immune cells, stromal cells, blood vessels, and the extracellular matrix
"VBP"	value-based purchasing
"VEGF"	Vascular endothelial growth factor
"VEGFR"	Vascular endothelial growth factor receptor
"undruggable targets"	biological targets historically considered difficult to modulate effectively using conventional therapeutic modalities
"WBS"	whole-body scan

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of [**REDACTED**]." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "might," "ought to," "project," "seek," "will," "would," "expect," "anticipate," "aim," "estimate," "intend," "could," "should," "consider," "plan," "believe," "predict," "project," "potential," "continue," "outlook," "schedule," "going forward," "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to: our operations and business prospects; our financial condition and performance; our capital expenditure plan; our ability to maintain good relationships with our business partners; future developments, trends and conditions (including economic, political and business conditions) in the industries and markets in which we operate or plan to operate; changes to the regulatory environment in the industries and markets in which we operate; the actions and developments of our competitors; the ability of third parties to perform in accordance with contractual terms and specifications; our ability to retain senior management and key personnel and recruit qualified staff; our ability to control or reduce costs; our ability to control our risks; our financial condition and performance, debt levels and capital needs; our dividend policy; various business opportunities that we may pursue; our business strategies, objectives and plans and our ability to achieve these strategies; changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and capital market developments.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors."

The forward-looking statements made in this document relate only to events or information as of the date on which the statements are made in this document. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect. In this document, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any of these intentions may change in light of future development.

An [**REDACTED**] *in the H Shares involves various risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in the H Shares. The following is a description of what we consider to be our material risks. Any of the following risks, as well as additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial, could materially and adversely affect our business, financial condition, and results of operations. The* [**REDACTED**] *of the H Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-Looking Statements."*

KEY RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and prospects depend substantially on the successful clinical development, regulatory approval, and commercialization of our drug candidates.

We have systematically built a drug pipeline in oncology, autoimmune diseases, and hemostasis/hematology, consisting of four commercialized products, Zepsun®, Zepuping, Zepuning and Zesuning, and a suite of innovative drug candidates undergoing clinical or preclinical development as of the Latest Practicable Date. Our business depends on our ability to successfully develop, obtain regulatory approval for, manufacture and commercialize our drug candidates. We have invested significant operational efforts and financial resources in researching, developing and commercializing our existing drug candidates; in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded R&D expenses of RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million, respectively, and we expect to continue incurring substantial and increasing expenditures for the development and commercialization of our drug candidates. The success of our drug candidates will depend on several factors, including but not limited to: (i) successful enrollment and completion of clinical trials and preclinical studies; (ii) favorable safety and efficacy data; (iii) receipt of regulatory approvals; (iv) successful commercialization and market launch; (v) sufficient commercial manufacturing capabilities for swift market entry; (vi) protection and enforcement of intellectual property and regulatory exclusivity; (vii) obtaining and maintaining favorable governmental and private reimbursements for approved drugs; (viii) competition; and (ix) continued acceptable safety profiles.

Our clinical trials may also compete with trials for other drug candidates in the same therapeutic areas, potentially reducing the number and types of subjects available to us. Even if we enroll a sufficient number of subjects, delays in enrollment may increase costs or affect the timing or outcome of our clinical trials, which could prevent their completion and materially and adversely affect our ability to advance our drug candidates.

As of the Latest Practicable Date, our innovative drug pipeline includes 10 drug candidates across 29 key clinical programs. However, we cannot guarantee that we will obtain regulatory approvals for our drug candidates in a timely manner, or at all, and none of our drug candidates in our innovative drug pipeline has been approved for marketing in any jurisdiction. Our pipeline products may require additional preclinical and/or clinical development, regulatory approvals, substantial investment and significant marketing efforts before we can generate any revenue from product sales.

If we fail to obtain timely regulatory approvals in the target markets for our drug candidates, or if the approval process is delayed, our business may suffer material and substantial damage.

Bringing drug candidates to market requires significant time, effort and expenses, and the regulatory approval process is inherently uncertain. Based on our experience and the nature of pharmaceutical development, the process from initiation of clinical trials to potential marketing approval may take several years, and in many cases approximately five to ten years or longer, depending on factors such as clinical trial design, patient enrollment, trial outcomes, regulatory requirements and review timelines. We cannot assure you that any of our drug candidates will be approved for sale. Before obtaining regulatory approval, we must conduct extensive clinical trials demonstrating the safety and efficacy of our drug candidates in humans. If clinical trial results are not positive, or only modestly positive, for proposed indications, or raise safety concerns, we may (i) be subject to substantial liabilities; (ii) be delayed in or prevented from obtaining regulatory approval; (iii) obtain approval for narrower indications than intended; (iv) be subject to additional post-marketing testing requirements; (v) be subject to restrictions on distribution or use; or (vi) be unable to obtain reimbursement for use of the product. Any of these events could materially and adversely affect our ability to commercialize the subject drug candidates and generate revenue.

The time required to obtain approvals from the NMPA, the FDA and other comparable regulatory authorities is often unpredictable and depends on numerous factors, including the substantial discretion of the regulatory authorities. Our drug candidates could fail to receive timely regulatory approval for many reasons, including but not limited to: (i) failure to begin or complete clinical trials; (ii) failure to demonstrate that a drug candidate is safe and effective for its proposed indication; (iii) failure of clinical trial results to meet the required level of statistical significance; (iv) 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; and (v) failure of the CMC component of a regulatory submission to meet the requirements of the relevant regulatory authorities.

In addition, the NMPA, the FDA or a comparable regulatory authority may require more information to support approval, which may prolong, delay or prevent approval of our commercialization plans, or we may decide to abandon the development programs. Regulatory requirements and guidance may also change, requiring us to amend clinical trial protocols submitted to competent authorities. Resubmission may impact the cost, timing or successful completion of a clinical trial. Regulatory policies may also change, and additional government regulations may be enacted that could prevent, limit or delay approval of our drug candidates. If we are slow or unable to adapt to new or changed requirements or policies, or unable to maintain regulatory compliance, we may not obtain, or may lose, regulatory approvals, and we may not achieve or sustain profitability.

Additionally, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and approval in one country does not guarantee approval in any other. Approval procedures vary among countries and can involve additional product testing, validation and administrative review periods. We cannot assure you that we will meet the regulatory requirements of different jurisdictions or that our drug candidates will be approved for sale there. Additional time, effort and expense may be required to bring approved drug candidates to international markets in compliance with different regulatory processes.

Delays, suspension or termination of clinical trials could materially harm development timelines, approval prospects and future revenues. Such delays will increase our costs, prolong our development and approval process, and jeopardize our ability to commence product sales and generate revenue for that candidate, which could significantly harm our business, financial condition and prospects. Many of the same factors that delay commencement or completion of clinical trials may also ultimately lead to denial of regulatory approval.

We rely on the sales of certain major products in China, and our products may fail to achieve or maintain market acceptance or the expected market size, which could materially and adversely affect our business.

We rely on the sales of certain major products in China, which account for a substantial portion of our total revenue. During the Track Record Period, our revenue was derived from the sale of our commercialized products Zepsun®, Zepuning, Zepuping and Zesuning, as well as from licensing activities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our total revenue amounted to RMB383.6 million, RMB531.5 million, RMB810.2 million, RMB375.5 million and RMB1,204.4 million, respectively, of which revenue from the sale of Zepsun® accounted for 100.0%, 99.7%, 74.3%, 78.6% and 23.0% of our total revenue for the respective period, and revenue from the sale of Zepuning accounted for nil, 0.3%, 20.0%, 18.2% and 9.9% of our total revenue for the respective period. The percentage of our revenue from the sale of Zepsun® experienced a major decrease due to the impact of the licensing revenue we received from AbbVie, which may not be sustainable, and therefore we expect revenue from the sale of these products to continue contributing a significant portion of our revenue in the near future. As a result, our results of operations and profitability are highly dependent on the continued commercial success of these products.

During the Track Record Period, our revenue has been, and we expect it will continue to be, concentrated in certain major products. We are therefore particularly susceptible to factors adversely affecting their sales volume, pricing or profit margins, including (i) market acceptance by physicians, hospitals and patients; (ii) reimbursement coverage, including NRDL inclusion and subsequent renewal cycles; (iii) pricing pressures and procurement dynamics; (iv) sales and promotion effectiveness; (v) availability, cost and quality of raw materials and manufacturing capacity; (vi) potential safety concerns, adverse events or unfavorable clinical perceptions; and (vii) intellectual property risks. Many of these factors are outside our control, and any factor adversely affecting sales volumes, pricing or profit margins could adversely affect our operations, revenue and profitability.

The commercial success of our products and future approved drug candidates also depends on continued market acceptance in the medical community, which may be affected by: (i) perceived advantages over, and availability and success of, competing products; (ii) safety and efficacy profiles and any side effects; (iii) pricing and cost effectiveness; (iv) sales and promotion effectiveness; (v) publicity concerning our products or competing products; (vi) our ability to respond to changing needs and preferences of healthcare practitioners and patients; and (vii) inclusion of our products in the NRDL. Failure to achieve or maintain market acceptance, or increased competition, could materially and adversely affect demand for our products, as well as our business and profitability.

The actual market size of our products and drug candidates may also be smaller than anticipated due to factors such as pricing, reimbursement and patient access. Any such developments could materially and adversely affect our business, financial condition and results of operations.

Adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved drug, or result in significant negative consequences following any regulatory approval.

Undesirable adverse events caused by our drug candidates, alone or in combination with other drugs, such as serious or unexpected adverse reactions, dose-limiting toxicities, clinically significant laboratory abnormalities, immunogenic or hypersensitivity reactions, or drug-drug interactions, could result in clinical holds, delays or additional regulatory requirements, and could cause significant negative consequences, including but not limited to: (i) enhanced labelling, warnings or regulatory restrictions on approved drugs; (ii) suspension, delay or modification of development or commercialization; (iii) imposition or expansion of a risk evaluation mitigation

strategy; (iv) changes to dosing, administration or approved use; (v) slower or insufficient patient enrollment, or higher trial attrition than expected; and (vi) product recalls, litigation or regulatory investigations. Any of these events could prevent us from achieving or maintaining market acceptance of an approved drug candidate and could significantly harm our business, results of operations and prospects.

During the Track Record Period, we made a one-off compensation payment to certain trial participants for adverse reactions in clinical trials to cover associated medical expenses and provide additional compensation. Under current GCP provisions, such payment was an industry compliance requirement and a statutory duty of the Company to safeguard trial participants' rights.

However, adverse events in clinical trials may expose us to additional compensation obligations, claims, product liability litigation, and regulatory inquiries or investigations. There can be no assurance that similar adverse events will not occur in the future, or that we will not be required to make additional or more substantial compensation payments, which could be significant. Any such claims, litigation or compensation payments could result in substantial costs, divert management resources, and adversely affect our financial condition and results of operations. To manage these risks, we have purchased clinical trial liability insurance covering potential compensation, indemnification and related costs, and established reporting pathways and causality assessment mechanisms to ensure adverse events are handled in compliance with regulatory and ethical standards. Through this insurance coverage and process-control measures, we have kept these risks within a manageable range. However, such measures may not prevent all adverse events or eliminate the risk of litigation, compensation liability or reputational damage. During the Track Record Period and up to the Latest Practicable Date, we experienced no material adverse impact on our business as a result of such occurrence or relevant compensation payments. However, there can be no assurance that future adverse events, compensation claims, litigation or reputational harm will not have a material adverse effect on our business, financial condition, results of operations and prospects.

We recorded net cash outflows used in our operating activities during the Track Record Period, and we may need to obtain additional financing to fund our operations and execute our growth strategy. Any inability to obtain sufficient funding, or any failure to effectively manage or realize the returns on our R&D investments, could materially and adversely affect our business, financial condition, results of operations and prospects.

We had net cash used in operating activities of RMB289.9 million, RMB32.6 million, RMB10.3 million in 2023, 2025 and the six months ended June 30, 2025, respectively, primarily due to our highR&D expenditure and relatively slow revenue growth from our recently commercialized products. We had net cash generated from operating activities of RMB42.3 million in 2024, mainly attributable to the upfront payment we received from Grand Life Sciences in relation to our strategic promotional partnership; and we had net cash generated from operating activities of RMB814.6 million in the six months ended June 30, 2026, primarily attributable to the profit before tax arising from the upfront fee paid by AbbVie under the AbbVie Agreement and an increase in deferred income mainly representing the upfront payment received from Merck.

Specifically, we have incurred, and expect to continue to incur, significant R&D expenses as part of our growth strategy to advance our clinical-stage assets and enhance our R&D capabilities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses were RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million, respectively. This investment aligns with our growth strategy to advance the clinical development of our differentiated pipeline assets. For more details, see "Business — Research and Development." However, these expenses may not result in commercially viable products or generate revenue on a timely basis, or at all, and may negatively affect our net profit and cash flows. Our drug candidates require substantial investment for the completion of clinical development, regulatory review, manufacturing, commercialization and marketing before they can generate product sales revenue. Pursuing our growth strategy has resulted in, and will continue to result in,

substantial demands on capital and other resources, and we expect our cash operating costs to continue accounting for a substantial portion of our revenue given our expanding clinical trial programs. Our future funding requirements will depend on many factors, including but not limited to: (i) scope, timing and cost of clinical and preclinical programs; (ii) development outcomes and regulatory timelines; (iii) discovery and early-stage development of our pipeline expansion; (iv) commercialization readiness and launch activities of our drug candidates; (v) manufacturing capacity and facility expansion for approved drugs; (vi) management of our collaboration partners and associated costs; (vii) sales, promotion and distribution expenses on approved drugs; and (viii) operating costs as a public company and related internal infrastructure upgrades.

If the financial resources available to us are insufficient to satisfy our cash requirements, we may seek additional funding through equity offerings, debt financings, collaborations and licensing arrangements. However, there can be no assurance that such financing will be available in sufficient amounts, on acceptable terms, or at all. We may be required to delay, scale back or discontinue certain R&D programs, clinical trials, manufacturing scale-up, commercialization efforts or other operations, and may be unable to complete the development and commercialization of our drug candidates.

Our growth strategy also depends on our ability to continuously innovate and keep pace with new technologies and methodologies in the rapidly evolving pharmaceutical and biopharmaceutical industries. We intend to continue investing in human resources and technical capabilities in drug discovery, development and manufacturing, which are capital- and time-intensive. We cannot assure you that we will successfully identify new technological opportunities, develop or commercialize innovative drugs, obtain sufficient intellectual property protection, secure regulatory approvals in a timely and cost-effective manner, or achieve market acceptance. Any failure to do so may render our technologies or drug candidates less competitive or obsolete, and could materially and adversely affect our business, financial condition, results of operations and prospects.

We face substantial competition and our competitors may discover, develop or commercialize competing products faster or more successfully than we do.

The development and commercialization of new drugs is highly competitive. We face competition from pharmaceutical and biopharmaceutical companies worldwide, including large companies that currently market and sell drugs, or are pursuing development of drugs, for the same indications for which we are developing our drug candidates. In particular, we may face intense competition in oncology, autoimmune diseases, and hemostasis/hematology drug development. Some of these competitors have greater resources and expertise than we do. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. The competitive landscape of our target market is constantly evolving with the introduction of next-generation treatments and advanced technologies that 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 even if we successfully develop and commercialize our drug candidates. We anticipate facing increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunity could be significantly reduced or eliminated if competitors develop and commercialize drugs that are safer, more effective, more convenient or less expensive than ours. Competitors may also obtain approval from the NMPA, the FDA or other comparable regulatory authorities more rapidly than we do, allowing them to establish a strong market position before we enter the market and potentially rendering our drug candidates obsolete or non-competitive before we can recover our development and commercialization expenses.

If the products we sell are excluded, removed, or limited from government-sponsored or commercial medical insurance programs, or are included in any national negative catalogs in China or assigned with black box warnings issued by the NMPA, the FDA, our sales, profitability and business prospects could be adversely affected.

If a pharmaceutical product is covered by medical insurance, whether provided by the government or a private entity, patients may be entitled to reimbursement for all or part of the cost. Consequently, the inclusion or exclusion of a product in insurance programs such as the NRDL, provincial medical insurance or other PRC health insurance schemes, and any limitations on coverage, will significantly affect patient demand. Inclusion within the scope of insurance coverage depends on factors such as efficacy, safety and price, which may be outside our control. Insurance providers may also periodically review, revise or change the scope of reimbursement for previously covered products. There can be no assurance that our currently covered products will maintain such coverage, or that changes in reimbursement scope will not negatively affect our product sales. If any of our products or their indications are removed from coverage, or reimbursement scope is reduced, demand for our products may decrease and our operations, revenue and profitability could be adversely affected.

In addition, inclusion in any national negative catalogs in China represents considerable risk. These catalogs require medical institutions to strictly monitor and control the clinical use of listed pharmaceuticals, significantly decreasing physicians' capability and willingness to prescribe them. As of the Latest Practicable Date, none of our products was included in any national negative catalogs in China. There can be no assurance that similar catalogs will be issued at national level, nor can we predict their future pharmaceutical coverage. If any of our products are included in such catalogs, demand for our products may decrease and our revenue and profitability could be adversely affected.

Further, as we may in the future commercialize our drug candidates in the United States, an FDA black box warning for our drug candidates may impose significant risk. Such warnings, often based on late-stage clinical data or animal toxicity findings, indicate a significant risk of serious or life-threatening adverse effects. A black box warning can decrease physician prescribing, heighten liability concerns and substantially reduce sales, while also negatively affecting perceptions of our commitment to safety and harming our reputation and long-term business prospects.

If we are unable to conduct effective promotion or maintain a qualified sales force, the sales volume of our products and our operations, revenue, profitability and business prospects could be adversely affected.

Successful sales and academic promotion are crucial to increasing market penetration of our existing products, expanding our coverage of hospitals and other medical institutions, and promoting new products in the future. If we are unable to increase or maintain the effectiveness and efficiency of our sales and academic promotion activities, or to apply our experience from our marketed product portfolio to our innovative drug portfolio, our sales volumes and business prospects could be adversely affected.

In particular, our sales and academic promotion efforts consist of raising awareness and knowledge of our products and drug candidates among medical professionals, hospitals and other medical institutions. Our sales and academic promotion force must therefore possess a relatively high level of technical knowledge, up-to-date understanding of industry trends, expertise in the relevant therapeutic areas and products, and sufficient promotion and communication skills. If we are unable to effectively train our in-house medical representatives and evaluate their academic promotion performance, our sales and academic promotion may be less successful than desired. See "Business — Sales, Promotion and Distribution — Sales and Promotion."

Moreover, our ability to attract, motivate and retain a sufficient number of qualified sales and academic promotion professionals is especially important, as we primarily rely on our in-house sales and academic promotion force and third-party promoters to market and sell our products. Competition for experienced sales and academic promotion personnel is intense. If we are unable to attract, motivate and retain sufficient sales and academic promotion professionals, sales volume may be adversely affected and we may be unable to expand our hospital coverage or increase market penetration as planned. For details of our third-party promoters, see " Business — Sales, Promotion and Distribution — Sales and Promotion — CSOs."

We may be subject to the risks associated with third-party payments.

During Track Record Period, we entered into an accounts receivables and debt collection agreement with a third-party payer in September 2025 and settled certain payment with an overseas distributor through such third-party payer in November 2025. As of the Latest Practicable Date, we had terminated the collaboration with such overseas distributor and were negotiating the terms of the termination agreement. For details, see "Business — Third-party Payment Arrangement" and "Business — Our Overseas Distribution Arrangement." We may be subject to the risks relating to third-party payments, including (i) potential claims from the third-party payer seeking reimbursement of funds, and possible claims from liquidators representing the third-party payer; and (ii) potential money laundering risks, given our limited knowledge of the source and purpose of funds used by third-party payers. If legal proceedings are initiated against us regarding third-party payments, we may need to allocate additional financial and management resources to address them, which could adversely affect our business and financial performance.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Failure to adequately protect our intellectual property globally, or limitations in the scope of such protection, other pharmaceutical companies could compete against us directly or indirectly, which may have a material adverse impact on our business and results of operations.

Our success depends largely on protecting our proprietary technologies and drug candidates by obtaining, maintaining, defending and enforcing intellectual property rights, including patents. We do so through patent filings in China, the United States and other jurisdictions, and by relying on trade secrets and pharmaceutical regulatory protection, alone or in combination. As of June 30, 2026, we held 39 registered patents in the PRC and 113 registered patents in other jurisdictions, as well as 378 pending patent applications. As of the same date, we also held nine registered domain names and 30 registered trademarks in the PRC. See "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Our Material Intellectual Property Rights." In addition, the patent position of biopharmaceutical and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of extensive litigation in recent years. Accordingly, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Patent applications may not be granted, and issued patents may be invalidated or challenged; we may also fail to timely identify patentable aspects of our R&D output, which could delay or interfere with our commercialization in China and other markets. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in China, the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. China and the United States have adopted the "first-to-file" system, under which whoever first files a patent application is awarded the patent if all other patentability requirements are met. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or the first to file for patent protection of such inventions.

Furthermore, patent protection is time-limited. Given lengthy development and regulatory timelines, patents may expire before or shortly after commercialization, and our intellectual property may not provide sufficient exclusivity to prevent competition, which could materially adversely affect our competitive position, business, financial condition, results of operations and prospects. Even if we obtain protection for approved drug candidates, competition from generic or

biosimilar products may arise upon patent expiration, and challenges to scope, validity or enforceability may limit exclusivity and materially adversely affect sales of that product. Our issued patents for our drug candidates are expected to expire on various dates as described in "Business — Intellectual Property" of this document. Upon the expiration of these patents, we will not be able to assert such patent rights against potential competitors, and our business and results of operations may be adversely affected.

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 or other third parties may challenge the validity and enforceability of our patents, or infringe, misappropriate or otherwise violate our other intellectual property rights. To counter infringement, misappropriation or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, protect our trade secrets, or determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Such litigation and other proceedings can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expense and distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits we initiate, and any damages or other remedies awarded may not be commercially meaningful. Claims we assert against perceived infringers could also provoke counterclaims alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have far greater resources than we do to enforce and defend their intellectual property rights.

Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our intellectual property rights. An adverse result in any such litigation could put our patents, and any patents that may issue from our pending applications, at risk of invalidation, unenforceability or narrow interpretation. Because intellectual property litigation typically requires substantial discovery, there is also a risk that our confidential information could be compromised through disclosure during such litigation. Thus, even if we ultimately prevail, or settle at an early stage, such litigation could burden us with substantial unanticipated costs. Moreover, we may not be able to detect infringement of our patents. Even if we detect infringement by a third party, we may choose not to pursue litigation or settlement. If we later sue that party for infringement, it may have legal defenses available that otherwise would not apply, due to the delay between when infringement was first detected and when suit was brought. Such defenses may make it impossible for us to enforce our patents against that third party.

In addition, although we are not currently experiencing any material claims challenging the inventorship of our patents or ownership of our intellectual property, we may in the future be subject to claims that former employees, collaboration partners or other third parties have an interest, as inventor or co-inventor, in our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property. Litigation may be necessary to defend against these and other inventorship claims. If we fail to defend any such claim, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of or right to use intellectual property important to our drug candidates. Even if we successfully defend against such claims, litigation could lead to substantial costs and distract management and other employees. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Our patent protection may be challenged, invalidated, rendered unenforceable or lost due to legal proceedings or non-compliance with procedural requirements, which could materially harm our business.

Issued patents covering one or more of our drug candidates could be challenged, invalidated or held unenforceable in court. Despite measures we take to obtain and maintain patent and other intellectual property rights, our rights could be challenged or invalidated. For example, if we

initiated 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 include an alleged failure to meet statutory requirements such as novelty, non-obviousness or enablement. Grounds for an unenforceability assertion could include an allegation that someone connected with prosecution of the patent withheld relevant information from the United States Patent and Trademark Office ("**USPTO**"), China National Intellectual Property Administration ("**CNIPA**"), or the applicable foreign counterpart, or made a misleading statement during prosecution. Although we believe we have conducted our patent prosecution in accordance with a duty of candor and in good faith, the outcome of any legal assertions of invalidity and unenforceability during patent litigation is unpredictable.

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. Even if a defendant does not prevail, our patent claims may be construed in a manner limiting our ability to enforce them against the defendant and others. Even if we establish infringement, the court may decline to grant an injunction and instead award only monetary damages, which may not be an adequate remedy. If the breadth or strength of protection provided by our patents is threatened, it could also dissuade companies from collaborating with us to license, develop, or commercialize our 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.

Obtaining and maintaining patent protection also requires ongoing compliance with numerous procedural, documentary, fee payment and other requirements imposed by the CNIPA, the USPTO and other patent authorities in various jurisdictions. We work with our counsel and professionals to help us comply with these requirements. Although an inadvertent lapse can often be cured by payment of a late fee or other means under applicable rules, in certain circumstances non-compliance can result in abandonment, loss of priority or lapse of the patent or application, causing partial or complete loss of patent rights in that jurisdiction. Such non-compliance events include failure to respond to official actions within prescribed time limits, nonpayment of fees, and failure to properly legalize and submit formal documents. In any such event, competitors or other third parties might be able to enter the market, materially and adversely affecting our competitive position, business, financial condition, results of operations and prospects.

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

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity and is costly, time-consuming and inherently uncertain. Changes in patent laws or their interpretation in China, the United States or other jurisdictions may increase the uncertainty and cost of prosecuting 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.

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

In addition to our issued patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and protect our drugs and drug candidates. We

seek to protect such information partly by entering into non-disclosure and confidentiality agreements with our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, consultants, advisors and other third parties with access to such information.

However, we may not be able to prevent unauthorized disclosure or use of our trade secrets and confidential information by parties to these agreements. As a result, we could lose our trade secrets, and third parties could use them to compete with our drugs, drug candidates and technology. Litigation over such violations can be difficult, expensive and time-consuming, with unpredictable outcomes. Monitoring unauthorized uses and disclosures is difficult, and our protective measures may not be effective. We also cannot guarantee that we have entered into such agreements with all parties that may have or had access to our trade secrets or proprietary technology and processes. If any of our trade secrets were lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, and our competitive position would be harmed.

Furthermore, our employees, consultants and advisors, including our senior management, may currently be, or may have previously been, employed at other pharmaceutical or biopharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that these personnel do not use others' proprietary information or know-how in their work for us, we may be subject to claims that we or these employees 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 agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail to defend any such claim, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we successfully defend against such claims, litigation could result in substantial costs and distract our employees and management.

We typically require personnel involved in developing intellectual property to assign such rights to us, but we may be unsuccessful in executing such agreements with every party who develops intellectual property we regard as our own. Even where we obtain such assignment agreements, they may be ineffective or breached, resulting in claims by or against us regarding ownership of what we regard as our intellectual property. Such disputes may also arise from competing obligations to third parties, including academic institutions. Failure to prosecute or defend such claims could result in monetary damages and loss of valuable intellectual property rights.

In addition, we may be subject to claims by former employees, consultants or other third parties asserting an ownership interest in our owned or licensed patents or patent applications. An adverse determination in any such proceeding may result in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, and could limit our ability to stop others from using or commercializing similar drug candidates or technology without payment to us. Such challenges may also dissuade companies from collaborating with us to license, develop or commercialize current or future drugs and drug candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

If our trademarks and trade names are not adequately protected, we may not be able to build brand awareness in our target markets and our business may be adversely affected.

We currently own issued trademark registrations, which may be subject to governmental or third-party objection that could prevent their registration or maintenance. We cannot assure you that any future trademark applications will be approved; we may receive rejections during registration proceedings that we are unable to overcome. In addition, the CNIPA, USPTO or comparable agencies in many foreign jurisdictions permit third parties to oppose pending trademark applications and seek to cancel registered trademarks. Opposition or cancellation proceeding may be filed against our trademarks, and our trademarks may not survive such proceedings. If we are

unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature and our reliance on trademarks to differentiate us from competitors increases, our business could be materially adversely affected if we are unable to prevent third parties from adopting, registering or using infringing, diluting or otherwise violating trademarks, or from engaging in unfair competition, defamation or other violations of our rights.

Our trademarks or trade names may be challenged, infringed, circumvented, declared generic, or found to infringe other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build market name recognition. Competitors or other third parties may adopt similar trade names or trademarks, impeding our ability to build brand identity and possibly causing market confusion. There could also be claims from owners of other registered trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be adversely affected.

Claims that our products and drug candidates or the sale or use of our products and drug candidates infringes, misappropriates or otherwise violates the patent, trademark, or other intellectual rights of third parties could result in costly litigation, the outcome of which would be uncertain, or could require substantial time and money to resolve, even if litigation is avoided.

Our commercial success depends on our ability to develop, manufacture, market and sell our drugs and drug candidates without infringing, misappropriating or otherwise violating the intellectual property rights of others. The pharmaceutical and biopharmaceutical industries are characterized by extensive patent and other intellectual property litigation. We cannot guarantee that our drugs and drug candidates, or their uses, do not and will not in the future infringe third-party patents, trademarks, or other intellectual property rights. It is also possible that we have failed, or may in the future fail, to identify relevant patents or patent applications held by third parties that cover our drugs and drug candidates. Additionally, published pending patent applications can, subject to certain limitations, later be amended in a manner that could cover our products or their use.

Third parties might allege that we are infringing their patent rights, misappropriating their trade secrets, or otherwise violating their intellectual property rights, whether regarding how we have conducted our research, or the use or manufacture of compounds we have developed or are developing. Such parties might resort to litigation against us or other parties we have agreed to indemnify. Parties making infringement, misappropriation or other intellectual property claims against us may obtain injunctive or other equitable relief that could block our ability to further develop and commercialize one or more of our drugs and drug candidates. Defending these claims, regardless of merit, would involve substantial litigation expense and divert management and employee resources from our business. Even if we believe third-party intellectual property claims are without merit, there is no assurance a court would find in our favor on questions of validity, enforceability, priority or non-infringement.

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

Defending against claims of patent infringement, misappropriation of trade secrets or other intellectual property violations could be costly and time-consuming, regardless of outcome. Thus, even if we ultimately prevail, or settle at an early stage, such litigation could burden us with substantial unanticipated adverse impacts on our business.

Intellectual property rights do not necessarily protect us from all potential threats.

As intellectual property rights have limitations, they do not necessarily protect us from all potential threats in our competition with other pharmaceutical and biopharmaceutical companies. For example: (i) others may be able to manufacture drugs similar to our drug candidates, or apply similar technology, that is not covered by patents we own or license, now or in the future; (ii) competitors may independently develop similar drugs using methods or means that do not technically infringe, misappropriate or otherwise violate our intellectual property rights, particularly where protection is limited by applicable laws, regulations or judicial or administrative decisions; (iii) we might not have been first to file patent applications covering certain of our inventions; (iv) our pending or future patent applications may not result in issued patents; (v) we may not develop additional patentable proprietary technologies; (vi) we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently patent such intellectual property; (vii) our patents may be rendered invalid or unenforceable through legal challenges by competitors; and (viii) competitors may conduct R&D activities in jurisdictions where we lack patent protection and use the resulting information to develop and commercialize competing products in our key markets. Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We engage with third parties for certain aspects of our business, and the inability of any of these parties to reliably, timely or cost-effectively provide us with their obligated services could materially harm the timing of bringing our products to market and accordingly adversely affect our business.

We rely on third parties, such as collaboration partners, medical institutions, clinical investigators and contract laboratories, in developing our drug candidates and conducting our clinical trials. We are also dependent on third parties for the commercialization or distribution of our products or drug candidates. Our business will be harmed if business or economic conditions, or future developments in laws and regulations in the PRC, U.S. or other jurisdictions, deteriorate our service providers' operations and reduce their provision of services to us. If these parties, whom we do not control, fail to carry out their contractual duties or regulatory obligations, fail to meet expected deadlines, lack the ability or resources to complete their objectives, or choose not to continue their relationship with us, our development efforts could be delayed, suspended or terminated, or our commercialization efforts delayed, impaired or terminated. If the quality or accuracy of data obtained through third parties is compromised due to failure to adhere to our clinical protocols or regulatory requirements, our preclinical or clinical activities could be delayed and we may not be able to obtain regulatory approval for our drug candidates.

Actions taken by our distributors in violation of the relevant agreements or taken by the distributors with whom we have not entered into distribution agreements could materially and adversely affect our business, prospects and reputation.

Our ability to maintain and grow our sales depends on our ability to manage, expand and optimize distribution channels that ensure timely delivery of our products across China and, in the future, other jurisdictions where market demand is generated through our promotion and marketing activities or otherwise. Consistent with industry practice, we sell all of our products through

third-party distributors in China. As of June 30, 2026, we had a distribution network of 166 distributors spanning 30 provinces in China, on which we rely to distribute a substantial portion of our products. However, all of our distributors are Independent Third Parties over whom we have limited control.

While we rely on our distribution agreements and the policies and measures we have in place to manage our distributors, we cannot guarantee that we will effectively manage our distributors or that they will abide by our agreements and policies. If our distributors take any of the following actions, our business, results of operations, prospects and reputation may be adversely affected: (i) failing to distribute our products as agreed, impairing the effectiveness of our distribution network; (ii) breaching the distribution agreements or our policies and measures; (iii) failing to maintain requisite licenses, permits or approvals, or failing to comply with applicable regulatory requirements; and (iv) violating applicable anti-corruption, anti-bribery, competition or other laws and regulations. Any such actual or alleged violation or noncompliance by our distributors with the distribution agreements, our policies, or applicable laws and regulations could erode our goodwill, expose us to liabilities, disrupt our distribution network, and create an unfavorable public perception of our products' quality.

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

We have entered into logistics service agreements with third-party logistics providers for the transportation of our products. Although these providers are required to deliver in a safe and timely manner, delays may occur for reasons beyond our control, including poor handling, labor disputes or strikes, acts of war or terrorism, health epidemics, earthquakes and other natural disasters, and could result in delayed or lost deliveries. Any major interruption to or failure in these third parties' services could prevent timely or successful delivery of our products, affecting our business. We have purchased cargo insurance for our products, but cannot guarantee this coverage is sufficient to compensate for actual losses. If products are not delivered on time, or are delivered damaged, customers may refuse to accept them and claim refunds, and may lose confidence in our services. Poor handling could also cause product contamination or damage, potentially leading to product recalls, returns or exchanges, product liability, increased costs and reputational damage, adversely affecting our business, financial condition and results of operations.

Our relationships with certain principal investigators, key opinion leaders and leading hospitals may affect the clinical development and future marketing of our products.

Our relationships with principal investigators, KOLs and leading hospitals play an important role in our R&D and marketing activities. We implement a clinical demand-oriented, highly responsive R&D strategy by establishing extensive interaction channels with principal investigators, KOLs and leading hospitals to gain first-hand knowledge of clinical needs and practice trends, which is critical to developing new market-responsive drugs and improving our existing drug candidates. We are committed to enhancing our collaborations with KOLs, top hospitals and academic institutions to ensure timely access to cutting-edge research and support our existing and future pipeline.

However, we cannot assure you that we will maintain or strengthen our clinical collaborations and relationships with principal investigators, KOLs and leading hospitals, or that such efforts will yield successful development and marketing of new products. These industry participants may leave their roles, change their business or practice focus, or choose to cooperate with our competitors instead of us. Even if they continue to cooperate with us, their market insights and perceptions, which we factor into our R&D process, may be inaccurate and lead us to develop drugs lacking significant market potential. Even if their insights are correct, we may fail to develop commercially viable drugs. If we are unable to develop new drugs or generate returns from these relationships as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

Our collaborations and strategic partnerships may not achieve expected benefits and may result in increased costs, operational disruption, or loss of control over development and commercialization.

As we continue to develop and expand our drug products portfolio, we may form or seek additional strategic partnerships, licensing arrangements or other collaborative relationships with third parties that we believe will complement or augment our R&D and commercialization efforts. Any of these relationships may require us to incur nonrecurring and other charges, increase our near- and long-term expenditures, issue securities that dilute existing shareholders, or disrupt our management and business. Our strategic collaborations involve various risks, including that we may not achieve the expected revenue and cost synergies. These synergies are inherently uncertain and subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and beyond our control. The synergies from our collaborations may also be offset by other costs, increases in expenses, operating losses or unrelated business problems. As a result, there can be no assurance that expected synergies will be achieved in due course, or at all.

We may face challenges finding appropriate strategic partners, as negotiation is time-consuming and complex. We may also be unsuccessful in establishing strategic partnerships or other arrangements for our drug candidates, which third parties may view as too early-stage for collaboration, or as lacking the requisite potential for safety, efficacy or commercial viability. If and when we collaborate with a third party on developing and commercializing a drug candidate, we can expect to relinquish some or all control over that candidate's future success. For drug candidates we seek to in-license, we may face significant competition from pharmaceutical or biopharmaceutical companies with greater resources or capabilities, and any agreement we enter into may not deliver the anticipated benefits.

Collaborations involving our drug candidates are subject to specific risks, including, but not limited to: (i) collaborators' discretion in allocating resources and prioritizing activities; (ii) collaborators' decisions to delay, deprioritize or discontinue development or commercialization due to strategic shifts, acquisitions of competing products, funding constraints or other external factors, including business combinations that divert resources or create competing priorities; (iii) collaborators may delay clinical trials, provide insufficient funding, discontinue a trial, repeat or conduct new trials, or require a new formulation for clinical testing; (iv) collaborators could independently develop, or develop with third parties, drugs that compete with our drug candidates or future drugs; and (v) disputes may arise between us and a collaborator, delaying or terminating research, development or commercialization, or resulting in costly litigation or arbitration that diverts management attention and resources.

As a result, we cannot be certain that, following a strategic transaction or license, we will achieve the revenue or net income that justifies it. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail development of a product candidate, reduce or delay its (or another) development program, delay potential commercialization or reduce the scope of sales or marketing activities, or increase our expenditures and undertake development or commercialization at our own expense. If we elect to fund and undertake such activities on our own, we may need additional expertise and capital, which may not be available on acceptable terms or at all. Either outcome would harm our business, financial condition, results of operations and prospects.

RISKS RELATING TO MANUFACTURING OF OUR PRODUCTS

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

We currently operate three production facilities comprising several production workshops with corresponding production lines, all located in Kunshan, Jiangsu Province. The continued operation of production facilities and production safety can be substantially and materially interrupted by factors outside our control, including fire, flood, earthquakes, power outages, fuel shortages, mechanical breakdowns, terrorist attacks and wars or other natural disasters, as well as expiry of land use rights, loss of licenses, certifications and permits, changes in governmental planning for the underlying land or its vicinity, and regulatory changes. If any facility's operation is substantially disrupted, we may not be able to replace equipment or inventories, or secure a replacement facility or contractor to continue production, in a legal, timely and cost-effective manner, or at all. Although we maintain property insurance for our facilities and equipment, we do not maintain business interruption insurance, and our insurance coverage may not be sufficient to cover losses from a significant disruption. Manufacturing problems may also arise from equipment malfunction, failure to follow protocols and procedures, problems with raw materials, delays in constructing or expanding facilities, regulatory capacity constraints, changes in production requirements, man-made or natural disasters, and environmental factors. Any such disruption or manufacturing problem may prevent us from fulfilling contract obligations or meeting market demand, adversely affecting our business, revenue and profitability.

The expansion of our production facilities may not be as successful as we have planned. If we fail to increase our production capacity in response to the increasing demand of our customers, our business prospects could be adversely affected.

We are undergoing expansion of our existing production facilities and lines to meet increasing demand and prepare for expected commercialization of our drug candidates, if approved. Financing and completing this expansion involves regulatory approvals and reviews by various authorities in relevant jurisdictions, including urban planning, construction and environmental protection authorities. We cannot assure you that we will obtain all required approvals, permits and licenses, or that expansion will be completed on the anticipated timetable or within budget. We may also be unable to fully utilize the expanded production capacity. Any of these factors could materially and adversely affect our results of operations and prospects and result in lost business opportunities.

If we fail to perform proper quality control or assurance, or our products are not produced to the necessary quality standards, our business and reputation could be harmed, and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet certain quality standards. We have established a quality control and assurance management system and standard operating procedures to help prevent quality issues. See "Business — Quality Management" for further details of our quality control system and procedures. Despite this system, we cannot eliminate the risk of errors, defects or failures. We may fail to detect or cure quality defects due to a number of factors outside our control, including but not limited to: (i) manufacturing errors; (ii) technical or mechanical malfunctions in the manufacturing process; (iii) human error or malfeasance by our quality control personnel; (iv) tampering by third parties; and (v) quality issues with the raw materials we purchase or produce.

In addition, when we expand our production capacity, we may not be able to ensure consistent quality between products manufactured in existing and new facilities without incurring substantial costs. If we acquire other pharmaceutical companies, we may also not be able to immediately ensure their production facilities and processes meet our quality standards. Failure to detect quality

defects, or to prevent defective products from reaching end-users, could result in patient injury or death, product recalls or withdrawals, license revocation or regulatory fines, or other problems that could seriously harm our reputation and business, expose us to liability, and adversely affect our revenue and profitability.

Our operations are dependent on the supply of certain raw materials. If the supply of raw materials decreases or the cost increases, or there are disruptions in the supply chain, our ability to conduct our business could be materially impaired and our operations, revenue and profitability could be adversely affected.

Purchases of raw materials accounted for a significant portion of our total cost of sales during the Track Record Period, representing 71.8%, 71.8%, 40.2%, 36.8% and 34.3% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. To manufacture our products, we must obtain sufficient high-quality raw materials at commercially acceptable prices and in a timely manner. During the Track Record Period, we sourced chemical raw materials, specialized intermediates, ancillary materials and packaging materials for all our pharmaceuticals from screened and approved suppliers. For more details, see "Business — Quality Management — Procurement of Raw Materials and Quality Control." Should any supplier fail to supply sufficient quantities of acceptable-quality raw materials, we may be unable to obtain substitutes elsewhere in a timely manner, or at all, or may be forced to obtain materials from different suppliers who may require commercially unreasonable prices. Although we have not experienced material interruptions in our supply chain or raw material supplies in the past, any interruption could delay production and delivery schedules, resulting in lost customers and revenue. Raw material market prices may also fluctuate significantly due to various factors; we cannot assure you that we could pass on any cost increase to our customers, and substantial fluctuations may materially increase our costs and impact profitability. Potential supply chain disruptions, such as natural disasters, geopolitical tensions, transportation issues or other unforeseen events, could further exacerbate these challenges, resulting in delays, increased costs or production interruptions.

Failure to manage our inventory effectively would materially and adversely affect our results of operations, financial condition and cash flows.

Our inventory consists of raw materials, work-in-progress and finished goods. To operate successfully and meet customer demands and expectations, we must manage our inventory effectively to ensure immediate delivery when required. We regularly monitor inventory to ensure timely supply and reduce overstocking risk. We maintain inventory levels based on internal forecasts, which are inherently uncertain. We are exposed to inventory risk from rapid changes in product life cycles, changing clinical demands, uncertainty of product development and launches, and the volatile economic environment in the jurisdictions where we operate. There can be no assurance that we can accurately predict these trends and avoid over- or under-stocking our products. Demand could also change significantly between the time products are ordered and when they are ready for delivery, and forecasting demand for a new product is particularly difficult. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had inventories of RMB110.9 million, RMB182.9 million, RMB173.3 million and RMB192.9 million, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 213 days, 521 days, 392 days, and 265 days, respectively. For more details, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories." We may face increased inventory risk from accumulated excess inventory of products or raw materials, some of which are subject to expiration. Excess inventory may increase holding costs, obsolescence risk or impairment losses. Conversely, if forecasted demand is lower than actual demand, we may be unable to maintain adequate inventory levels or manufacture products in a timely manner, and may lose sales and market share to competitors.

Furthermore, because cash invested in raw materials and work-in-progress is not recovered until finished products are sold and settled, our business is subject to significant working capital requirements given our high inventory level and turnover days. If our inventory level increases substantially in the future, our financial condition and cash flows could be materially and adversely affected.

Our therapeutic biological products, like any other biological product, may involve risks of contamination.

Manufacturing therapeutic biological products usually requires cultivation steps, including growth of the appropriate organism and use of substances of animal origin, which makes it easy to introduce a contaminant and amplify low levels of contamination. Cross-contamination could also result from manufacturing activities at shared equipment and facilities, which are common, and other activities such as diagnosis and research frequently linked to manufacturing may create further opportunities for cross-contamination. Improper handling during long-distance transportation, storage and delivery may also result in contamination.

In the event of contamination or resulting injury, we could be liable for damages to patients, and face product recalls, confiscation and/or destruction. We could also incur significant costs from civil or criminal fines and penalties for non-compliance with laws and regulations. Contamination could also cause customers or other business partners to lose confidence in our products' quality and manufacturing reliability, adversely affecting our sales and profits, and could expose us to product liability claims, criminal charges and administrative sanctions if contaminated products are unknowingly distributed.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred net losses during the Track Record Period and may incur losses for the foreseeable future, and we may not maintain profitability.

We recorded net losses of RMB295.1 million, RMB150.3 million and RMB165.1 million in 2023, 2024 and 2025, respectively, and a net loss of RMB68.1 million for the six months ended June 30, 2025, compared to a net profit of RMB640.0 million for the same period in 2026. Our net losses during the Track Record Period were primarily due to: (i) substantial investment in R&D activities, mainly pre-clinical and clinical research expenses and staff costs; and (ii) selling and distribution expenses used to promote and market our commercialized drug products. We recorded net profit during the six months ended June 30, 2026 primarily due to the upfront fee paid by AbbVie under the AbbVie Agreement, see "Business — Our Collaboration and License Arrangement."

In addition to market dynamics, our ability to sustain profitability depends on our successful execution of our business strategy across various aspects, including (i) maintaining and expanding sales of our commercialized products; (ii) maintaining and expanding our profit margins; (iii) researching and developing our diversified product portfolio; (iv) maintaining a strong liquidity position; and (v) leveraging our stable core management team. For details, see "Financial Information—Business Sustainability."

We have incurred indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

During the Track Record Period, we incurred indebtedness, mainly bank borrowings and lease liabilities. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our total current liabilities amounted to RMB1,135.2 million, RMB1,373.4 million, RMB1,427.9 million and RMB1,185.2 million, respectively. See "Financial Information — Indebtedness" for more details. Our indebtedness could, among other consequences: (i) increase our financial risk and adversely affect our ability to operate as a going concern; (ii) require a substantial portion of operating cash flows for interest and principal payments, reducing funds available for other purposes; (iii) limit our flexibility in planning for, or reacting to, changes in our business and industries; (iv) increase our vulnerability to adverse economic and industry conditions; (v) place us at a competitive disadvantage; (vi) increase our borrowing cost; (vii) limit our ability to borrow additional funds; and (viii) require asset sales to fund working capital, capital expenditures, acquisitions or other purposes, if needed.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend on our future operating performance, which will be affected by prevailing economic conditions, governmental regulation, market demand and other factors largely beyond our control.

If we do not generate sufficient cash flow to pay our anticipated operating expenses and service our debt, we will be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, disposing of assets, restructuring or refinancing our indebtedness, or seeking equity capital. If we are unable to fulfill our repayment obligations or otherwise comply with the restrictions and covenants in our current or future loan and other agreements, we could be in default under those agreements. In the event of default, lenders may accelerate repayment of outstanding debt or, for secured borrowings, enforce the security interest. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all our indebtedness, or that we would obtain alternative financing on favorable or acceptable terms. As a result, our cash flow, financial condition and results of operations may be materially and adversely affected.

We are exposed to credit risk in relation to our trade and bills receivables.

Our trade and bills receivables consist of amounts due from customers, including distributors who on-sell our products to hospitals and, to a lesser extent, pharmaceutical retail chains. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had trade and bills receivables of RMB101.1 million, RMB143.6 million, RMB154.3 million and RMB204.3 million, respectively. In 2023, 2024, 2025 and June 30, 2026, trade and bills receivables turnover days were 89 days, 83 days, 66 days, and 64 days, respectively. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables."

We are exposed to the risk that customers or other business partners may delay, or be unable to make, payment in accordance with our agreements, or may never pay. Although we closely monitor our outstanding trade and other receivables, we cannot assure you that we will fully recover outstanding amounts in a timely manner, or at all. As our business continues to scale, our trade and other receivables may continue to grow, increasing our credit risk. Any substantial delay in or default of customers' payments could materially and adversely affect our cash flows, and we could be required to terminate distributor relationships in a manner that impairs effective distribution of our products. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

The discontinuation of any of the financial incentives, such as preferential tax treatment or government grants, currently available to us could adversely affect our operations, revenue and profitability.

During the Track Record Period, we benefited from government grants and subsidies. Our other income related to government grants amounted to RMB81.5 million, RMB35.8 million, RMB49.7 million, RMB27.1 million and RMB21.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We also enjoyed preferential tax treatment during the Track Record Period. See "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Gains" and "Financial Information — Income Tax Credit" for more details. These incentives are, to some extent, subject to the discretion of relevant government authorities, which could eliminate or reduce them at any time, generally with prospective effect. Because our receipt of financial incentives or preferential treatments is subject to periodic time lags and inconsistent government practice, our net income in a particular period may be higher or lower than in other periods depending on changes in these incentives, in addition to any business or operational factors. Therefore, discontinuation of financial incentives currently available to us could have a material adverse effect on our financial condition, results of operations, cash flows and prospects.

We may face exposure to fair value change for financial assets at FVTPL and valuation uncertainty due to the use of unobservable inputs.

During the Track Record Period, our financial assets at FVTPL comprised (i) financial products issued by reputable commercial banks in the PRC, redeemable at any time or at maturity, and (ii) listed debt instruments representing treasury bonds issued by the United States Federal Government. We recorded financial assets at FVTPL of RMB137.0 million, RMB40.5 million, nil

and RMB375.6 million as of December 31, 2023, 2024 and 2025 and June 30, 2026. We may continue such investments as part of our cash management and treasury measures and therefore may face exposure to fair value changes on these assets. We cannot assure you that we can recognize comparable fair value gains in the future; we may instead recognize fair value losses, affecting our results of operations for future periods. The valuation of these fair value changes is also subject to estimation uncertainty, involving professional judgment and certain bases, assumptions and unobservable inputs that are, by nature, subjective and uncertain. As such, our FVTPL valuation has been, and will continue to be, subject to estimation uncertainties that may not reflect the actual fair value of these assets and could result in significant fluctuations in profit or loss from period to period.

We may be affected by exchange rate fluctuations.

The value of the Renminbi against the Hong Kong dollar, U.S. dollar and other currencies may fluctuate, affected by, among other things, changes in global political and economic conditions. Any significant appreciation or depreciation of the Renminbi against the Hong Kong dollar and U.S. dollar may affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares. Under current PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including dividend payments, do not require advance SAFE approval, but we must present relevant documentary evidence of such transactions and conduct them at designated foreign exchange banks in China licensed to carry out foreign exchange business. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. To the extent we need to convert Hong Kong dollars received from this [**REDACTED**] into Renminbi for our operations, appreciation of the Renminbi against the Hong Kong dollar would adversely affect the Renminbi amount we receive. Conversely, if we convert our Renminbi into Hong Kong dollars for dividend payments on our ordinary shares or other business purposes, appreciation of the Hong Kong dollar against the Renminbi would negatively affect the Hong Kong dollar amount. Further changes to the exchange rate system may occur as the foreign exchange market develops. Any significant fluctuation in relevant currencies could adversely affect our business, results of operations and financial condition, and the value of any dividends payable in Hong Kong dollars. As of the Latest Practicable Date, we have not entered into any hedging transactions to reduce our foreign currency exchange risk exposure. While we may decide to do so in the future, the availability and effectiveness of such hedges may be limited, and we may not be able to adequately hedge our exposure, or at all.

RISKS RELATING TO GOVERNMENT REGULATIONS

The pharmaceutical and biopharmaceutical industries are subject to change of regulations, which may affect our operations, revenue and profitability or impose additional compliance burden on us.

We operate in the pharmaceutical and biopharmaceutical industries in China, the U.S. and other jurisdictions, which are subject to comprehensive government regulation and supervision, including governance around the approval, registration, manufacturing, packaging, licensing, marketing, sales and distribution of drugs. Remaining compliant with the various rules and regulations can be time- and cost-consuming, particularly for a company like us operating in multiple jurisdictions with different policies. For example, obtaining regulatory approvals and maintaining compliance requires substantial time and financial resources. Recently enacted and future legislation may increase the difficulty and cost of obtaining regulatory approval for, and commercializing, our drug candidates, and affect the prices we may obtain. We also face legal uncertainties across markets that follow civil or common law systems: under civil law, prior judgments carry limited precedential value, while newly enacted laws may be incomplete, with unclear interpretation, enforcement and application to our business.

Changes in government regulations or practices relating to the pharmaceutical and biopharmaceutical industries, such as relaxed regulatory requirements or simplified approval procedures lowering entry barriers for potential competitors, or increased regulatory requirements raising the difficulty of compliance, may materially adversely affect our business, financial condition, results of operations and prospects.

We are also subject to scheduled and unscheduled periodic inspections of our facilities to monitor regulatory compliance. During the Track Record Period, we passed all the inspections and obtained clearance for the manufacturing of our drug candidates and drugs from regulatory authorities in all relevant jurisdictions in all material respects. However, we cannot assure you that we will continue to do so.

Failure to comply with applicable regulatory requirements in any jurisdiction where we operate, at any time during drug development, the approval process, or after approval, may subject us to administrative or judicial sanctions, including a regulator's refusal to approve pending applications, withdrawal of approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

If we or our business partners fail to maintain the necessary licenses for the development, production, promotion, sales and distribution of our products, our ability to conduct our business could be materially impaired and our revenue and profitability could be adversely affected.

We are required to obtain, maintain and renew various permits, licenses, approvals and certificates to develop, produce, promote and sell our products, and the third parties we rely on to develop, produce, promote, sell and distribute our products may be subject to similar requirements. For more details, see "Business — Licenses, Permits and Certificates." We and the parties we rely on, such as distributors and suppliers, may be subject to regular inspections, examinations, inquiries and audits by regulatory authorities, and an adverse outcome may result in the loss or non-renewal of relevant permits, licenses, approvals and certificates. The criteria for reviewing applications for, or renewals of such permits may also change from time to time, and there is no assurance we or the parties we rely on will meet any new criteria imposed. Many of these permits, licenses, approvals and certificates are material to our business, and failure to maintain or renew them could materially impair our ability to conduct business. While we have been able to maintain and renew our material permits, licenses, approvals and certificates, there is no assurance we will continue to do so in the future.

Any changes in the standards governmental authorities use to renew or reassess our licenses, permits, approvals and certificates, or any new regulations restricting our business conduct, may also decrease our revenue and increase our costs, materially and adversely affecting our profitability and prospects. Furthermore, if the interpretation or implementation of existing laws changes, or new regulations require us or parties we rely on to obtain additional permits, licenses, approvals or certificates previously not required, there is no assurance that we or such parties will successfully obtain them.

Our approved drug products remain subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses or penalties for non-compliance or unanticipated issues with future approved drug candidates.

If any of our drug candidates is approved in the future, it will be subject to ongoing or additional regulatory requirements for manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, post-marketing studies, and submission of safety, efficacy and other post-market information, including requirements of regulatory authorities in China, the United States and other jurisdictions. These requirements also include submission of safety and other post-marketing information and reports, registration, and continued compliance with current Good Manufacture Practices (the "**cGMP**") and good clinical practices ("**GCP**") for any post-approval clinical trials.

Any approvals we receive may be subject to limitations on approved indicated uses or other conditions, which could adversely affect a drug's commercial potential or require potentially costly post-marketing testing and surveillance to monitor its safety and efficacy. The NMPA, the FDA or a comparable regulatory authority may also require a risk evaluation mitigation strategy as a condition of, or following, approval.

Once a drug is approved for marketing, previously unknown problems may subsequently be discovered, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug products, it may result in, among other things: (i) restrictions on marketing or manufacturing, withdrawal from the market, or voluntary or mandatory drug recalls; (ii) fines, warning letters or holds on clinical trials; (iii) refusal by the NMPA, the FDA or comparable regulatory authority to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals; (iv) drug seizure or detention, or refusal to permit the import or export of drugs; and (v) injunctions or the imposition of civil, administrative or criminal penalties.

In addition, we are subject to ongoing regulatory requirements for our day-to-day business operations. Accordingly, we and the third parties we work with must continue to expend time, money and effort on regulatory compliance, including manufacturing, production and quality control. We cannot predict the likelihood, nature or extent of governmental policies or regulations arising from future legislation or administrative actions in China, the United States or other jurisdictions, where the regulatory environment is constantly evolving. If we are unable to maintain regulatory compliance, or are slow or unable to adapt to new requirements or policies, we may lose regulatory approvals we have obtained, and we may not achieve or sustain profitability.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China, the United States and other jurisdictions, which may increase our compliance costs and expose us to investigations or allegations arising from our interactions with third parties.

Our business operations and current and future arrangements with clinical site investigators, healthcare professionals, consultants, third-party payors, patient organizations, and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. These laws may constrain the business or financial arrangements through which we conduct our operations, including how we market, sell and distribute our products and drug candidates, if approved. Such laws include the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), the PRC Criminal Law (《中華人民共和國刑法》), the U.S. federal Anti-Kickback Statute, the U.S. federal False Claims Act, the Health Insurance Portability and Accountability Act of 1996, and the U.S. Physician Payments Sunshine Act. Ensuring our business arrangements with third parties comply with these laws will involve substantial cost, and we may be required to respond to audits, inquiries, investigations or allegations relating to our commercial or clinical activities, including conduct by third parties with whom we do business, which could divert management resources, disrupt operations and adversely affect our reputation and results of operations.

Our management of clinical trial data and other personal or sensitive information, and our reliance on third-party service providers, subject us to information security, operational disruption and regulatory change risks.

We receive, collect, generate, store, process, transmit and maintain de-identified codes of subjects enrolled in our clinical trials and the corresponding clinical trial data, relying on third-party institutions and service providers (such as clinical sites, CROs and other vendors) in doing so. Our internal computer systems, and those of our current and future third-party vendors, collaborators, consultants and other service providers, as well as our clinical sites and regulatory authorities, are critical to our operations and vulnerable to damage, interruption or unauthorized access from

computer viruses and other malicious code, phishing and other cyber-attacks, natural disasters, terrorism, and telecommunication and electrical failures. We are therefore subject to applicable data protection and privacy laws, regulations and standards governing the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the jurisdictions where we operate and conduct clinical trials, as well as contractual obligations. As of the Latest Practicable Date, we are primarily subject to PRC laws and U.S. federal and state data protection and privacy laws. Recent regulatory developments in the PRC and the United States have further increased compliance complexity, such as the Health Information Technology for Economic and Clinical Health Act in the U.S. For relevant PRC laws, see "Regulatory Overview — Overview of Laws and Regulations in the PRC."

Complying with all applicable data privacy, security and transfer laws, regulations, standards and obligations may cause us to incur substantial operational costs or require us to modify our data processing practices. Regulatory scrutiny, enforcement actions or claims could arise from privacy issues related to our data collection and use practices and other data privacy laws, including claims for misuse or inappropriate disclosure of data, or unfair or deceptive practices. Any of the foregoing could result in significant fines, penalties, judgments, negative publicity, operational disruption and reputational harm, or could materially adversely affect our competitive position, business, financial conditions, results of operations and prospects.

Although we have not experienced any such material system failure, accident or security breach to date, any such event could disrupt our drug candidate development and business operations, including through loss of trade secrets or other proprietary information. Any theft, destruction or compromise of data or intellectual property resulting from such an event could harm our competitive position and delay development or commercialization of our drug candidates.

In addition, our clinical trials involve professionals from third-party institutions working on-site with our staff and enrolled subjects. Our ability to manage these risks depends partly on controls implemented by third-party institutions and service providers, which may not be fully within our control. We also work with third parties, including principal investigators, hospitals, CROs and other contractors and consultants, for our clinical trials and operations. Information maintained in our systems and those of our vendors and clinical sites could be subject to misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss, including personal information of our employees and clinical study participants, as well as company and vendor confidential data. Any leakage or abuse of patient data by third-party partners may be perceived as our fault or negligence, and third parties may attempt to penetrate our systems or those of our vendors, or fraudulently induce our personnel to disclose sensitive information. If a material breach of our information technology systems or those of our vendors occurs, our reputation and credibility could be damaged, and we could be required to expend significant resources to remediate affected systems. Changes in relevant laws and regulations could also affect our ability to use medical data and subject us to liability for using it for previously permitted purposes. Although we develop and maintain systems and controls to prevent and mitigate such incidents, these measures are costly and require ongoing monitoring and updating as technologies change and security threats become more sophisticated. Any failure or perceived failure to prevent information security breaches or comply with privacy laws, or any compromise resulting in unauthorized release of personal or patient data, could erode trust and expose us to legal claims. As we outsource more information systems to vendors, engage in more electronic transactions, and rely more on cloud-based systems, related security risks may increase, requiring additional resources to protect our technology and information systems. Our systems and those of third parties may not always be sufficient to protect against breakdowns, service disruption, or data loss from system malfunctions, cyber-attacks, security breaches, industrial espionage or insider threats, which could result in financial, legal, business or reputational harm.

If we are unable to expand or upgrade our production and R&D capabilities to meet evolving regulatory requirements, our development timelines and commercialization plans may be delayed and our business could be adversely affected.

Expanding production lines and R&D centers to meet global regulatory standards requires substantial financial and operational investment, including construction or renovation of facilities, acquisition of advanced equipment, implementation of quality control systems, and hiring skilled personnel. Maintaining compliance with the diverse regulatory requirements of different countries and regions, such as the FDA in the United States, the EMA in the European Union, and the NMPA in China, is complex and costly. Each authority has its own standards and guidelines, and failure to meet them may result in delays, additional costs, or inability to obtain necessary approvals.

The regulatory landscape is also subject to change. New regulations, amendments, or shifts in regulatory priorities can occur at any time, potentially rendering previous investments in facilities and R&D centers obsolete or insufficient and requiring further financial outlays to align with updated regulatory expectations, which may result in delays or additional costs.

Expanding production lines and R&D centers also involves inherent risks such as construction delays, cost overruns, technical challenges, and difficulties obtaining required permits and approvals. Any of these issues could disrupt our operations, delay product development and commercialization timelines, and ultimately impact our ability to generate revenue. If we are unable to secure sufficient funding or manage these expansion projects effectively within the required timeframe and budget, our ability to maintain global regulatory compliance and successfully commercialize our products internationally may be adversely affected.

Our use of hazardous materials and operation of laboratories and manufacturing facilities expose us to environmental, health and safety incident risks and evolving regulatory standards, which may result in increased costs, operational disruption and liabilities.

Our business operations 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 highly toxic and hazardous materials, chemicals and wastes. Our operations involve hazardous and flammable materials, including chemicals and biological materials, and produce hazardous waste products, which we contract with third parties to dispose of. We cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during discovery, testing, development and manufacturing of our drug candidates. In such an event, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. We may also be forced to close or suspend operations at affected facilities temporarily or permanently. As a result, any accidental contamination, hazard or injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We could also incur significant costs from civil or criminal fines and penalties for failure to comply with such laws and regulations, and may incur substantial costs to comply with current or future environmental, health and safety laws, which may impair our product candidate R&D efforts. There is also increasing stakeholder pressure on companies to diligence environmental, social and governance matters in the supply chain. Negative publicity regarding production and packaging methods, alleged practices, or workplace or related conditions of our suppliers, CROs or other third-party service providers could adversely affect our reputation and force us to locate alternatives, increasing costs and delaying supply of components or manufacturing, or otherwise disrupting our operations.

Our manufacturing facilities can be put into operation only after relevant environmental protection and health and safety authorities examine and approve them. We cannot assure you that we will obtain all regulatory approvals for our construction projects in a timely manner, or at all. Delays or failures in obtaining these approvals may affect our ability to develop, manufacture and commercialize our drug candidates as planned.

Our operations are subject to and may be affected by changes in tax rates, the adoption of new tax legislation in the jurisdictions in which we operate, or exposure to additional tax liabilities.

The nature of our operations subjects us to local, state, regional and national tax laws in jurisdictions including China and the United States. As a "New High-tech Enterprise," we are subject to an enterprise income tax rate of 15% under the tax-related PRC regulations applicable during the Track Record Period. During the Track Record Period, three subsidiaries of our Company, Suzhou Zelgen, Shanghai Zelgen and Zhejiang Zelgen, qualified as "Small and Low-profit Enterprises" and were eligible for the preferential EIT rate of 20% in 2023 and 2024; our subsidiary Zhejiang Zelgen remains eligible for the preferential EIT rate of 20% in 2025 and the six months ended June 30, 2026. Further adjustments or changes to applicable tax laws and regulations, and any resulting uncertainty, could adversely affect our business, financial condition and results of operations. We cannot assure you that future examinations by relevant tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition, results of operations and reputation.

Dividends received by foreign holders of our H Shares and gains derived from the disposition of our H Shares by such holders may be subject to PRC taxation.

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders.

According to the Individual Income Tax Law of the PRC and its Implementation Regulations, both effective January 1, 2019, the tax rate applicable to non-PRC resident individuals is a proportionate 20% on dividends obtained from within China or gains on transfer of shares, withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Arrangements**") executed on August 21, 2006, the PRC Government may levy tax on dividends paid by PRC companies to Hong Kong residents in accordance with PRC law, but where the beneficial owner does not directly hold at least 25% of the equity interest in the paying company, the levied tax shall not exceed 10% of the total dividends.

Under the Enterprise Income Tax Law of the PRC, revised and implemented on December 29, 2018, and its Implementation Regulations, revised and implemented on January 20, 2025, a non-resident enterprise with no presence or establishment in China, or whose income has no actual connection with such presence or establishment, pays enterprise income tax on China-derived income at a reduced rate of 10%. Pursuant to the Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or under PRC law. However, if the beneficial owner is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of total dividends if the Hong Kong resident is a company directly owning at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of total dividends.

Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

We may be restricted from transferring our scientific data abroad or using human genetic resources collected in China.

To the extent our drug candidate R&D is subject to relevant scientific data measures and any subsequent laws required by government authorities, our R&D may be hindered if we are unable to obtain necessary approvals in a timely manner, or at all, which may materially and adversely affect our business, operations, financial condition and prospects. If relevant government authorities consider our transmission of scientific data to violate the scientific data measures, we may be

subject to fines and other administrative penalties. Cross-border data transfer from other jurisdictions may also be limited if we fail to comply with relevant requirements, such as obtaining subject authorization for the use, transfer and retrieval of personal information or data, and adopting measures to ensure data safety during transfer. Cross-border transfer of personal data is also subject to general data privacy regulations in various jurisdictions, so any failure to comply with data privacy protection requirements may restrict our ability to transfer data across jurisdictions.

Adverse reactions and negative results from off-label use of our products could materially and adversely affect our business reputation, product brand name and financial condition and expose us to liability claims.

Products distributed or sold in the pharmaceutical market may be subject to off-label use, i.e., prescribing a product for an indication, dosage or dosage form not in accordance with approved usage and labelling. Although the NMPA, the FDA and other comparable regulatory authorities actively enforce laws prohibiting the promotion of off-label use, our products remain at risk of off-label use in a patient population, dosage or dosage form not approved by competent authorities, rendering them less effective or entirely ineffective and potentially causing adverse drug reactions. Any such occurrence can generate negative publicity and significantly harm our business reputation, product brand name, commercial operations and financial condition, including our share price, and may expose us to liability, delay our clinical trials, and ultimately result in failure to obtain regulatory approval for our drug candidates.

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

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), we are required to make contributions to social insurance and housing provident funds for our employees. During the Track Record Period, we did not make full contributions for certain employees in accordance with the relevant PRC laws and regulations. Under those laws, (i) we may be requested by relevant PRC authorities to pay outstanding social insurance contributions within a prescribed period, plus an overdue charge of 0.05% of the outstanding amount per day of delay; if we fail to pay within that period, we may be liable to a fine of one to three times the overdue amount; and (ii) if we fail to pay the full amount of housing provident funds required, the relevant PRC authorities may order payment within a prescribed time limit, failing which the relevant PRC authorities may apply to the PRC courts for compulsory enforcement. Our PRC Legal Adviser has further advised that if we fail to pay social insurance and housing provident funds under the relevant PRC law, the relevant employee has the right to terminate the labor contract and claim economic compensation.

As of the Latest Practicable Date, (i) to our knowledge and based on the Special Credit Reports for Market Entities issued by the competent government authorities of our Company, we had not been subject to any administrative penalties in relation to the shortfall in such contributions; (ii) according to the Emergency Circular of the General Office of the Ministry of Human Resources and Social Security on Applying the Spirit of the Executive Meetings of the State Council to Practically and Effectively Stabilize the Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on September 21, 2018, relevant authorities are prohibited from organizing a centralized collection of enterprises' historical social insurance arrears; (iii) we were not aware of any material pending employee complaints or labor disputes with employees regarding social insurance and housing provident funds; (iv) we had not received notification from relevant PRC authorities requiring us to collectively pay shortfalls or overdue charges for social insurance and housing provident funds; and (v) we undertake to make timely payment of outstanding amounts and late charges as soon as requested by the competent government authorities. Based on the foregoing, and provided there are no significant changes in current policies, regulations, local government

supervision and law enforcement requirements related to social insurance and housing provident funds, our PRC Legal Adviser is of the view that, the likelihood of our being subject to material administrative penalties by relevant authorities is remote. Our Directors accordingly believe that our failure to fully contribute to social insurance and housing provident funds during the Track Record Period would not have a material adverse effect on our business operations or results of operations, and as a result we made no provisions for these non-compliances during the Track Record Period.

As laws and policies related to social insurance and housing provident funds may continue to evolve, we cannot assure you that our employment policies and practices will always be regarded as fully compliant with relevant PRC laws and regulations, and we may face labor disputes or government investigations. The PRC government may strengthen its measures and requirements on social insurance and housing provident fund collection, leading to stricter enforcement. Compliance with stricter requirements may increase our operating expenses, particularly staff costs. We cannot guarantee that our required social insurance contributions will not increase, or that we will not be required to pay any shortfall or be subject to penalties or fines, any of which may materially and adversely affect our business and results of operations.

Changes in international trade policies, tariffs, sanction regimes and political tensions may adversely impact our business and results of operations.

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

Recent changes in international trade policies, including the imposition or increase of tariffs, have created uncertainty in global markets. For example, the U.S. has implemented several new tariffs and increased existing tariffs, prompting retaliatory measures from other countries. These tariffs, or the threat of further tariffs, could increase the cost of importing and exporting clinical and raw materials to and from the U.S., part of our current operations, and could affect our potential future commercialized products in the U.S. market. We may also face tariffs if our exports increase or change based on future operations. Changes in trade policy may also negatively impact companies reliant on international trade, including our potential collaborators and suppliers, indirectly affecting our business. Uncertainty surrounding future trade policies, tariffs and regulations may complicate our ability to plan for and manage costs, adversely affecting our business operations and financial performance. Retaliatory tariffs or other trade restrictions may also impact our ability to compete effectively in certain markets, particularly the U.S., hindering our growth and long-term prospects.

In addition, as we expand our business, in particular to international markets, our business may be adversely affected by the imposition, expansion or enforcement of laws and regulations relating to sanctions and export control in the relevant jurisdictions. See "Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement." Sanctions laws are administered and enforced by multiple authorities, including the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the European Union, the United Kingdom and other regulators, which may restrict or prohibit transactions with, or investment into, certain countries, entities, or individuals. Such restrictions could limit our ability to supply products to, and derive

revenue and receive payments from, affected entities and jurisdictions, and violations may subject us to penalties affecting our business expansion, growth prospects and financial condition. Although we do not believe we have engaged in any activity that would result in material sanctions risk, we cannot guarantee that competent authorities would not interpret these laws differently or unfavorably. Even where transactions are not expressly prohibited, heightened compliance requirements and reputational risk may discourage counterparties from engaging with us. International sanctions regimes are also complex and subject to frequent changes in scope, interpretation and enforcement. Any expansion of sanctions could result in termination of existing agreements, or penalties for violations. Such developments may materially and adversely impact our business, financial condition, results of operations, cash flow and prospects.

Adverse macroeconomic and geopolitical conditions may reduce demand for our products, disrupt our operations or supply chain, and adversely affect our financial condition and results of operations.

The global macroeconomic environment faces numerous challenges. There is significant uncertainty about the future relationship between the U.S. and its major trading partners, including China, regarding trade policies, treaties, government regulations and tariffs. The growth rate of the Chinese economy has generally been slowing since 2012, and this trend may continue. There is also considerable uncertainty over the long-term effects of expansionary monetary and fiscal policies adopted by central banks and financial authorities of leading economies, including the U.S. and China, as well as concerns over relations between China and other countries, including the U.S. and surrounding Asian countries, which may have economic effects. For example, on February 21, 2025, U.S. President Donald J. Trump issued a memo titled the "America First Investment Policy" (the "**America First Memo**"), outlining the ongoing review of potential new or expanded restrictions on U.S. outbound investment in the PRC in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas implicated by the PRC's national military-civil fusion strategy. The America First Memo also contemplates potential restrictions on investments in publicly traded securities by pension funds, university endowments and other limited partner investors. Such political tensions and policy changes would adversely affect global economic conditions, the stability of global financial markets, and international trade policies. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policy and perceived overall economic growth in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

We may be unable to identify, discover, in-license, acquire or develop new drug candidates, or to identify additional therapeutic opportunities for our drug candidates, in order to expand or maintain our current product pipeline.

Although a substantial amount of our effort will focus on continued clinical testing, potential regulatory approval, and commercialization of our existing drug candidates, our business—'s success also depends in part on our ability to continue discovering, developing, licensing, or commercializing additional drug candidates. We may not succeed in discovering and developing new drug candidates. Although we have developed proprietary technology platforms that we believe will help us continue developing new drug candidates to enrich our pipeline, we cannot guarantee success in this regard. We may also pursue collaboration with third parties in discovering and developing potential drug candidates, but cannot assure you such collaboration will deliver the intended results.

Research programs to discover and develop new drug candidates require substantial technical, financial, and human resources. We may focus our efforts and resources on potential programs or drug candidates that ultimately prove unsuccessful. Our research programs or licensing efforts may fail to identify, discover or in-license new drug candidates for clinical development and commercialization for a number of reasons, including, without limitation: (i) the research

methodology used may not successfully identify potential indications and/or new drug candidates; (ii) potential drug candidates may, after further study, show adverse effects or other characteristics indicating they are unlikely to achieve desired efficacy; or (iii) it may require greater resources to identify additional therapeutic opportunities for our drug candidates or develop suitable new candidates, limiting our ability to diversify and expand our drug portfolio.

Accordingly, there can be no assurance that we will be able to discover and develop new drug candidates, identify additional therapeutic opportunities for our existing drug candidates, or develop suitable new potential drug candidates through internal research programs, which could materially adversely affect our future growth and prospects.

If safety, efficacy, manufacturing or supply issues arise with any product used in combination with or to facilitate the use of our drug candidates, we may be unable to market such drug candidates or may experience significant regulatory delays or supply shortages.

Our strategy to develop combination therapies depends on the safety and efficacy of each component drug within each combination. For example, we plan to conduct clinical trials for combination therapies of ZG006 with ADC therapies for SCLC treatment, and evaluation of the combination of ZG005 with bevacizumab for liver cancer treatment. If the NMPA, the FDA or another comparable regulatory agency revokes or denies approval of a component therapeutic, at any stage from clinical design through commercialization, we will be forced to terminate or redesign the clinical trials, experience significant regulatory delays, or stop our commercialization efforts.

We may enter into collaboration agreements for the supply of certain drugs used in our combination trials in the future. Even with such arrangements in place, we may still be subject to unstable supply. If we cannot purchase sufficient quantities of component drugs from their manufacturers or distributors, or experience any supply shortage, the clinical development of our drug candidates may be disrupted. The supply shortage may also delay the regulatory approval of our drug candidates or our ability to timely meet market demand for our products upon receipt of marketing approval, which will adversely affect our business and prospects.

We have used companion diagnostic tests in developing our drug candidates, such as DLL3-positive detection kits for ZG006 in treating NEC and MUC17-positive detection for ZGGS34. Depending on the therapeutic context and clinical requirements, it is common industry practice to use companion diagnostic tests to detect a predictive biomarker and evaluate a patient's likely response to a given treatment. In the United States, the FDA has generally required *in vitro* companion diagnostics intended to select patients likely to respond to cancer treatment to obtain pre-market approval, which can take several years, simultaneously with approval of the biologic product. Regulations in China governing companion diagnostic tests used for patient identification are still developing, and it remains uncertain whether future regulatory changes will impose additional restrictions or requirements. If we develop companion diagnostic tests for patient screening, or our drug development entails their use, China's developing regulations would present uncertainties for our drug development and commercialization and may adversely affect our business and results of operations.

Interim and preliminary data from our clinical trials that we announce or publish from time to time may change as more participant data becomes available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary, top-line or interim data from our preclinical studies and clinical trials, based on a preliminary analysis of then-available data, the results, findings and conclusions of which are subject to change following a more comprehensive review. We also make assumptions, estimations, calculations and conclusions as our analyses progress, without necessarily having the opportunity to fully evaluate all data. Others, including regulatory agencies, may interpret or weigh such assumptions, estimations and calculations

differently. Accordingly, the results we report may differ from future results of the same studies, or may be qualified by different conclusions, once additional data has been received and fully evaluated. Top-line data also remains subject to audit and verification procedures that may produce final data materially different from the preliminary data previously published. Top-line data should therefore be viewed with caution until final data is available.

The data and information that we gather in our R&D process could be inaccurate or incomplete, which could affect the clinical development of our drug candidates and harm our business, reputation, financial condition and results of operations.

We receive, collect, aggregate, process and analyze data and information from our preclinical studies and clinical trials, and engage in substantial information gathering following identification of a promising drug candidate. Because healthcare industry data is fragmented in origin, inconsistent in format, and often incomplete, the overall quality of data collected or accessed is often subject to challenge, the degree of data knowingly or unknowingly absent or omitted can be material, and we often discover data issues and errors when monitoring and auditing our data quality. If we make mistakes in capturing, inputting, or analyzing this data, our ability to advance the development of our drug candidates may be materially harmed and our business, prospects and reputation may suffer.

We manage and submit data to governmental entities to obtain necessary regulatory approvals. These processes and submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies, interim, top-line or preliminary clinical trial data that we announce or publish from time to time may change as more patient data becomes available, and remains subject to audit and verification procedures that could result in material changes to the final data, in which case we may be exposed to liability to a patient, court or government agency that concludes our storage, handling, submission, delivery or display of health information or other data was wrongful or erroneous. Although we maintain insurance coverage for clinical trials, this coverage may prove inadequate or could cease to be available on acceptable terms, or at all. Even unsuccessful claims could result in substantial costs and divert management time, attention and resources. A claim against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

In addition, we rely on certain third parties to monitor and manage data for some of our ongoing preclinical and clinical programs and control only certain aspects of their activities. If any of our CROs or other third parties fail to meet our standards for data accuracy or completeness, data from those trials may be compromised, and our reliance on these parties does not relieve us of our regulatory responsibilities. For details, see "— Risks Relating to Our Reliance on Third Parties — We engage with third parties for certain aspects of our business, and the inability of any of these parties to reliably, timely or cost-effectively provide us with their obligated services could materially harm the timing of bringing our products to market and accordingly adversely affect our business."

We may seek to rely on accelerated approval pathways to use registrational trial data for our drug candidates. If we are not able to use such pathways, we may be required to conduct additional clinical trials increasing costs and delaying, or preventing, marketing approvals.

The NMPA, the FDA and comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial and grant accelerated approval to a drug candidate that provides meaningful therapeutic benefit over available therapies for a serious or life-threatening condition. This determination is based on a finding that the drug candidate has an effect on a surrogate or intermediate clinical endpoint reasonably likely to predict clinical benefit. For example, the FDA considers clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality.

For accelerated approval purposes, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure thought to predict clinical benefit but not itself a measure of it. An intermediate clinical endpoint is reasonably likely to predict the clinical benefit of a drug, such as an effect on irreversible morbidity or mortality. The accelerated approval pathway may be used where the advantage of a new drug over available therapy is not a direct therapeutic advantage but is a clinically important improvement from a patient and public health perspective. Before seeking accelerated approval, we will continue to seek feedback from the NMPA and the FDA and otherwise evaluate our ability to seek and receive it.

There can be no assurance that regulatory authorities will agree with our proposed surrogate or intermediate clinical endpoints, or that we will decide to pursue or submit any NDAs, BLAs or other comparable applications for accelerated approval or any other expedited pathway. Similarly, even if we initially decide to pursue accelerated approval, there is no assurance we will continue to do so after receiving regulatory feedback, or that any submission or application will be accepted for filing, or that expedited development, review or approval will be granted on a timely basis, or at all. Failure to obtain accelerated or other expedited approval for our drug candidates would result in a longer commercialization timeline, could increase development costs, and could harm our competitive position. Even if we obtain accelerated approval based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcomes trial to confirm the clinical benefit of the drug candidate and, if the post-approval trial is not successful, we may not be able to continue marketing the drug for the relevant indication.

OTHER RISKS RELATING TO OUR OPERATIONS

If we, our employees, agencies, distributors or other business partners engage, or are perceived to engage, in misconduct, breaches, or if they are involved in negative publicity or allegations, our operations and reputation could be adversely affected, and we could be exposed to regulatory investigations, costs and liabilities.

We are subject to risks from actions taken by us, our employees, agencies, distributors or other business partners that may constitute violations of applicable anti-corruption and other related laws, including China's anti-bribery and corruption laws, which generally prohibit companies and their intermediaries from making payments to government officials to obtain or retain business or secure any other improper advantage. For details, see "Regulatory Overview — Laws and Regulations in Relation to Anti-money Laundering, Anti-corruption and Anti-bribery." We are also subject to the U.S. Foreign Corrupt Practices Act (the "**FCPA**"), which generally prohibits improper payments to non-U.S. officials to obtain or retain business. As our business has expanded, the applicability of the FCPA and other anti-bribery and corruption laws to our operations has increased. There have also been instances of corrupt practices in the pharmaceutical industry in recent years, including provision of kickbacks, bribes or other illegal gains or benefits to pharmacies, hospitals and medical practitioners from manufacturers, distributors and pharmacies in connection with prescribing of pharmaceutical products. Any allegations of such conduct against us, our employees, agencies, distributors, other business partners or the pharmaceutical industry generally could generate negative publicity and materially and adversely affect our reputation and business prospects.

We do not, and cannot, fully control the conduct of our employees, agencies, distributors or other business partners. In their interactions with hospitals, medical institutions and medical professionals, they may attempt to increase our products' sales volume through means that violate applicable anti-corruption and other related laws. If they engage in corrupt or other improper conduct violating anti-corruption laws in the PRC, the United States or other jurisdictions, our reputation could be harmed. While we have implemented specific anti-corruption and anti-bribery measures, there is no assurance that we can entirely prevent such activities, whether past or future. We may be held liable for actions taken by our employees, agencies, distributors or other business partners, exposing us to regulatory investigations and penalties. Regulatory or judicial interpretations that differ from ours, or new anti-bribery or anti-corruption laws, could also require us to change our operations. Our reputation, corporate image and business operations may be

materially and adversely affected if we, our employees, agencies, distributors or other business partners fail to comply with these measures or become subject to negative publicity from such actions, which may in turn materially adversely affect our results of operations and prospects.

In addition, we are required to comply with anti-corruption and confidentiality requirements in our agreements with business partners. Any breach of these requirements by us may result in negative consequences, including penalties and termination of agreements, which could have a material adverse effect on our business, financial condition, results of operations and profitability. Our business may also be materially and adversely affected if our business partners breach confidentiality requirements, or if our employees breach the non-disclosure, non-compete and non-solicitation clauses in their employment agreements.

Our business depends on our key senior management members, development personnel and marketing and sales personnel. If we are unable to retain our key employees or to attract and retain skilled and experienced personnel, our ability to conduct our business could be materially impaired and our business prospects could be adversely affected.

We depend on the continued contributions of our senior management, especially the executive officers listed in "Directors and Senior Management" in this document, and other key employees, many of whom are difficult to replace. Our future success depends on our ability to attract qualified employees and retain existing key employees, especially product development, technology, marketing and sales professionals. Competition for such personnel is intense where we operate, and our efforts to recruit, retain and motivate employees may require increased compensation-related costs, including share-based compensation, and competitive compensation packages and a high-quality work environment. In addition, our senior management team has limited experience running H share listed public companies, requiring us to expend additional resources on hiring support staff. To the extent we hire personnel from competitors, we may also face allegations that they were improperly solicited or divulged proprietary or confidential information.

From time to time, we, our management or our directors may also become involved in litigation, legal disputes, claims or administrative proceedings arising in the ordinary course of business. Such matters may divert management and director attention, consume significant time and resources, and disrupt our operations. Matters initially immaterial may escalate depending on the facts, parties involved, and amounts at stake. Negative publicity from such proceedings could damage our reputation and brand image. If an adverse judgment or award is rendered against us, we may be required to pay significant damages, assume additional liabilities, or suspend or terminate related business activities.

If we are unable to retain our existing employees, attract qualified personnel, or effectively manage litigation and related distractions, we may be unable to manage our business effectively, including development, marketing and sales, which could adversely affect our business, operating results and financial condition, and the price of our [**REDACTED**] could suffer.

If we or our brand names fail to maintain a positive reputation, many aspects of our business and our business prospects could be adversely affected.

We depend on our reputation and product brand names in many aspects of our business, including but not limited to: (i) gaining access to, and favorable perception by, medical institutions and healthcare professionals who drive patient demand; (ii) effectively working with authorities that regulate our business; (iii) gaining the trust of patients and consumers; (iv) competitively positioning ourselves in the centralized tender process required to sell to public hospitals and medical institutions; (v) successfully attracting employees, distributors and other business partners; and (vi) increasing market share through brand recognition.

However, there can be no assurance that we will maintain a positive reputation or brand name for all our products. Our reputation and brand names may be adversely affected by factors largely outside our control, including but not limited to: (i) adverse associations with our products, including their efficacy or side effects; (ii) the effects of counterfeit products purporting to be our products; (iii) lawsuits and regulatory investigations against us or otherwise relating to our products or industry; (iv) improper or illegal conduct by our employees, distributors, suppliers and third-party promoters, whether or not authorized by us; and (v) adverse publicity associated with us, our products or our industry, whether founded or unfounded.

If we or our product brand names fail to maintain a positive reputation as a result of these or other factors, our products may be perceived unfavourably by hospitals, medical professionals, regulators and patients, and our operations and business prospects could be adversely affected.

Similarly, if counterfeits of our products become available in the market, this could negatively affect our sales, damage our reputation and product brand names, and expose us to liability claims. Some products distributed or sold in pharmaceutical markets may be manufactured without proper licenses or approvals, or fraudulently mislabeled regarding their content or manufacturer; these are generally referred to as counterfeit products. Because counterfeit products are usually sold at lower prices, and in some cases closely resemble authentic products, they can quickly erode our sales volume for the affected product. Counterfeits may also have a different chemical composition than our products, making them less effective, entirely ineffective, or more likely to cause severe adverse side effects. This could expose us to negative publicity, reputational damage, fines and other administrative penalties, and may result in litigation against us. As a result, the continued proliferation of counterfeit products could affect our sales, damage our reputation and brand names, and expose us to liability claims.

In addition, despite our internal guidelines and supervision efforts, our employees or distributors may fail to follow such guidelines, which may adversely affect our sales and reputation. For details, see "— Actions taken by our distributors in violation of the relevant agreements or taken by the distributors with whom we have not entered into distribution agreements could materially and adversely affect our business, prospects and reputation."

Our business could be adversely affected by natural disasters, public health crises, political relationships and crises, economic downturns or other unexpected events.

Natural disasters, health epidemics, acts of war or terrorism, or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of people in the regions where we conduct business. Our operations may be threatened by natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, and other factors beyond our control, 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.

A disaster or prolonged outbreak of epidemic illness, or other adverse public health developments in the world, could materially disrupt our business and operations. These uncertain and unpredictable factors include adverse economic effects of a pandemic, potential delays to our ongoing and future clinical trials, and disruptions to our business partners' and CROs' operations. A disaster or epidemic illness may also heighten other risks described in this document, including those relating to our ability to initiate or continue clinical trials for our drug candidates.

With our international footprint, our business is subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in the countries and regions where we operate, and we may face various risks relating to legal compliance in different jurisdictions, exposure to potential disputes and litigation, geopolitical actions, trade restrictions or prohibitions, foreign exchange rates, local market conditions, cultural and language difficulties, geopolitical risks, competition, and taxes. As a result, international political relationships among

jurisdictions where we operate and conduct business may affect our cost structure, product demand and collaboration with business partners. Any such relationship tensions and political concerns may adversely affect our business, results of operations and prospects. Any economic downturn, decrease in economic growth rates, or other uncertain economic outlook in our markets could also affect our business, financial condition and results of operations.

Acts of war or terrorism may also injure our employees, cause loss of life, disrupt our business network and destroy our markets. Any of these events, and other events beyond our control, could adversely affect overall business sentiment and environment, cause uncertainty in the regions where we conduct business, and cause our business to suffer in unpredictable ways, materially and adversely impacting our business, financial condition and results of operations.

Product liability claims or lawsuits against us could result in expensive and time-consuming litigation, payment of substantial damages and increases in our insurance rates.

We face an inherent risk of product and professional liability from the clinical testing and any future commercialization of our drug candidates in China, the United States and other relevant jurisdictions. For example, we may be sued if our drug candidates cause, or are perceived to cause, injury, or are found otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Such product liability claims may allege defects in manufacturing or design, failure to warn of inherent dangers, negligence, strict liability or breach of warranties, and claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend against such claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even a successful defense would require significant financial and management resources. Regardless of merits or outcome, liability claims may result in: (i) decreased demand for our drug candidates; (ii) injury to our reputation; (iii) withdrawal of clinical trial participants and inability to continue trials; (iv) initiation of regulatory investigations; (v) litigation defense costs; (vi) diversion of management time and resources; (vii) substantial monetary awards to trial participants or patients; (viii) product recalls, withdrawals, or labelling, marketing or promotional restrictions; (ix) loss of revenue; (x) exhaustion of available insurance and capital resources; (xi) inability to commercialize any approved product candidate; and (xii) a decline in the [**REDACTED**] of our H Shares.

To cover liability claims from clinical studies, we purchase clinical trial insurance covering adverse events in our clinical trials. Our liabilities could exceed our insurance coverage, or our insurance may not cover all situations in which a claim against us could be made. We may not be able to maintain insurance at a reasonable cost, or obtain coverage adequate to satisfy any liability that may arise. If a successful product liability claim, or series of claims, is brought against us for uninsured liabilities or liabilities exceeding our coverage, our assets may not be sufficient to cover them, and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute the value of your* [REDACTED] *in our H Shares, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

From time to time, we may evaluate various acquisitions and strategic collaborations, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses, as we deem appropriate to carry out our business plan. Any potential acquisition or strategic collaboration may entail numerous risks, including, but not limited to: (i) dilution to existing Shareholders from issuing additional equity securities; (ii) loss of key personnel and uncertainty in maintaining key business relationships; (iii) risks and uncertainties in assimilating the operations, corporate culture, intellectual property, products and personnel of the acquired company or business; and (iv) changes in accounting principles for recognizing and measuring our investments that may significantly impact our financial results.

Additionally, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses, and acquire intangible assets resulting in significant future amortization expenses. We may also be unable to locate suitable acquisition opportunities, which could impair our ability to grow or obtain access to technology or products important to our business's development.

Further, under the Anti-Monopoly Law of PRC (《反壟斷法》) and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings (《關於經營者集中申報標準的規定》) issued by the State Council, a concentration of business undertakings by merger, acquisition or contractual arrangement allowing one market player to control or exert decisive impact on another must be notified in advance to the MOFCOM once the relevant threshold is crossed, and cannot be implemented without prior notification clearance.

We may also be subject to similar review and regulations in other jurisdictions, such as the laws and regulations on foreign investment in the United States under the jurisdiction of the Committee on Foreign Investment in the United States ("**CFIUS**") and other agencies, including the Foreign Investment Risk Review Modernization Act.

In the future, we may grow our business by acquiring complementary businesses. Complying with the above regulations and other relevant rules to complete such transactions could be time-consuming, and required approval or filing processes, including with CFIUS, the SAMR, the MOFCOM, the CSRC, the SAFE or other agencies, may delay or inhibit our ability to complete such transactions. These agencies may also make determinations that increase scrutiny of our future acquisitions in the United States or the PRC, or prohibit such acquisitions. Our ability to expand our business or maintain or expand market share through future acquisitions would be materially and adversely affected as a result.

Increased labor costs could result in exceeding expenses, slow our growth and affect our profitability. In the event of labor shortages, labor disputes or striking, our business operation and financial performance may be materially adversely affected.

Our success depends in part on our ability to attract, motivate and retain a sufficient number of qualified employees, including management, technical, research and development, sales and academic promotion, production, quality control and other personnel. We face intense competition in recruiting and retaining qualified personnel, as competitors seek the same pool of talent and our remuneration packages may not be as competitive as theirs. Increasing market competition may intensify demand and competition for qualified employees.

As our production process requires skilled technical workers in design, operation and quality control, we cannot guarantee that we can retain and attract sufficient qualified employees on reasonable terms. If we cannot retain existing skilled workers, recruit sufficient replacements, cope with our expansion plan on a timely basis at reasonable cost, or train new workers quickly enough amid high turnover, our production process could be severely affected or interrupted. Labor shortages, significant increases in labor costs, higher turnover, or changes to labor laws could significantly increase our operating costs, materially adversely affecting our results of operations. Labor disputes could also lead to fines by governmental authorities and settlement costs, and make it more difficult to recruit new employees due to reputational damage.

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

We maintain insurance policies required under relevant laws and regulations, which we believe are in line with market practice and adequate to safeguard against risks and unexpected events, including environmental liability insurance, property loss insurance, and social welfare insurance for our employees. However, our insurance coverage may be insufficient to cover claims we may have. Any liability or damage to, or caused by, our facilities or personnel beyond our insurance coverage may result in substantial costs, diversion of resources, and negative impacts on our drug development and overall operations.

Our legal right to certain properties may be challenged.

Under applicable PRC laws and regulations, property lease contracts must be registered with the local branches of the Ministry of Housing and Urban Development. As of the Latest Practicable Date, ten lease agreements for our leased properties, leased from third parties and used for production or office purposes, had not been registered and filed with relevant land and real estate management departments in China. Under relevant PRC laws and regulations, the parties to a lease agreement must register and file it. As advised by our PRC Legal Adviser, the validity of the lease agreements is unaffected by the failure to register or file them with relevant government authorities. Under relevant PRC regulations, we may be ordered to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. As of the Latest Practicable Date, we have not received any order from relevant government authorities requiring us to register these lease agreements. We undertake to cooperate fully to facilitate registration once notified of any requirement by the relevant government authorities.

You may have limited resources in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the documents based on Hong Kong or other foreign laws.

A substantial part of our assets, and a majority of our Directors and senior management, are located in China. As a result, it may not be possible for [**REDACTED**] to effect service of process on us, or on our Directors or senior management who reside in China. China has not entered into treaties or arrangements for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong 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 Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under this Arrangement, where a designated PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a written choice of court agreement, any party concerned may apply to the relevant court for recognition and enforcement. A choice of court agreement in writing is one entered into after the Arrangement's effective date, expressly selecting a Hong Kong or mainland court as having sole jurisdiction for the dispute.

On January 18, 2019, 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》), or the New Arrangement, was signed between the Supreme People's Court of the PRC and Hong Kong and effective on January 29, 2024, superseding the 2006 Arrangement. The New Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters under both legal systems, setting out the scope, specific matters covered or excluded, jurisdictional grounds for recognition and enforcement, and grounds for refusal. The 2006 Arrangement remains applicable to a "choice of court agreement in writing" within its meaning made before the New Arrangement's effective date. As the New Arrangement took effect relatively recently and its implementation and interpretation are still evolving, [**REDACTED**] may have limited resources when seeking recognition and enforcement of judgments obtained from non-PRC courts against us or our Directors or officers living in the PRC.

RISKS RELATING TO THE [REDACTED]

The* [REDACTED] *characteristics and* [REDACTED] *bases of the A Share and H Share markets differ; fluctuations in the price of our A Shares may adversely affect the* [REDACTED] *of our H Shares, and vice versa.

Our A Shares were listed on the SSE STAR Market in January 2020. Following the [**REDACTED**], our A Shares will continue trading on the SSE STAR Market and our H Shares will [**REDACTED**] on the Stock Exchange. Under current PRC laws and regulations, our H Shares and

A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the two markets. With different [**REDACTED**] characteristics, the H Share and A Share markets have divergent [**REDACTED**], liquidity and [**REDACTED**] bases, and differing levels of retail and institutional [**REDACTED**] participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa, and may also affect our [**REDACTED**] in Hong Kong. Due to these differing market characteristics, the historical prices of our A Shares may not indicate the [**REDACTED**] of our H Shares, and you should not place undue reliance on our A Share trading history when evaluating an [**REDACTED**] in our H Shares.

An active* [REDACTED] *for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity will develop and be sustained following completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may also not indicate their [**REDACTED**] following completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop, their [**REDACTED**] and liquidity could be materially and adversely affected.

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

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including general market conditions for securities in Hong Kong and elsewhere. In particular, the business, performance and [**REDACTED**] of shares of other companies in similar businesses may affect the [**REDACTED**] and [**REDACTED**] of our Shares. Beyond market and industry factors, our share [**REDACTED**] and [**REDACTED**] may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, drug and drug candidate developments, movements or activities of key personnel, or actions by competitors. Shares of other companies listed on the Hong Kong Stock Exchange with significant China operations and assets have experienced price volatility in the past, and our H Shares may similarly be subject to [**REDACTED**] changes not directly related to our performance.

You will experience immediate and substantial* [REDACTED] *and may experience further* [REDACTED] *if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Purchasers of the [**REDACTED**] will therefore experience immediate [**REDACTED**] in [**REDACTED**] net tangible asset value. To expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience further [**REDACTED**] in net tangible asset value per share if we issue additional Shares at a price lower than the then-net tangible asset value per Share. We may also issue Shares under share incentive schemes, further diluting Shareholders' interests.

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

The [**REDACTED**] of our H Shares could decline due to substantial future [**REDACTED**] of our H Shares or related securities in the [**REDACTED**], or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially and adversely affect the [**REDACTED**] of our H Shares.

Facts, forecasts and statistics in this document obtained from official government sources or publicly available sources may not be fully reliable.

This document, particularly the "Industry Overview" section, contains information and statistics, relating to the PRC, the PRC economy and the healthcare industry in the PRC derived from various official government publications or publicly available sources. We believe these sources are appropriate and have taken reasonable care in extracting and reproducing this information. We have no reason to believe that such information and statistics are false or misleading in any material respect, or that any fact has been omitted that would render them false or misleading in any material respect. Neither we, the [**REDACTED**], nor our or their respective

affiliates or advisors have verified the facts, forecasts and statistics, or ascertained the underlying economic assumptions relied upon, and no representation is given as to their accuracy. We cannot assure you that such information is stated or compiled on the same basis, or with the same degree of accuracy, as information in other jurisdictions.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations, the* [REDACTED] *and* [REDACTED] *may decline.

If research analysts do not establish and maintain adequate research coverage, or if one or more analysts covering us downgrade our Shares or publish inaccurate or unfavorable research about our business, the [**REDACTED**] of our Shares would likely decline. If one or more of these analysts cease coverage of our company, or fail to publish reports on us regularly, we could lose visibility in the financial markets, which could cause the [**REDACTED**] or [**REDACTED**] of our Shares to decline.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the SSE STAR Market.

Following the listing of our A Shares on the SSE STAR Market, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, we periodically publicly release information, including financial statements and data, on the SSE STAR Market or other media outlets designated by the SSE STAR Market, the CSRC or other regulatory bodies. However, information we announce in connection with our A Shares is based on PRC securities regulatory requirements and market practices that differ from those applicable to the [**REDACTED**], and such information does not and will not form part of this document. Prospective [**REDACTED**] in our H Shares are therefore reminded that, in deciding whether to [**REDACTED**] our H Shares, they should rely only on the financial, operating and other information in this document. By [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed not to rely on any information other than that contained in this document, the [**REDACTED**] and any formal announcements we make in Hong Kong regarding the [**REDACTED**].

***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 completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain financial information, projections, valuations and other forward-looking information about us. We have not authorized disclosure of any such information in the press or media and do not accept responsibility for its accuracy or completeness. We make no representation as to the appropriateness, accuracy, completeness or reliability of any projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent or conflict with information in this document, we disclaim responsibility for them. Prospective [**REDACTED**] are accordingly cautioned to base [**REDACTED**] decisions solely on the information contained in this document and should not rely on any other information.

You should rely solely on the information contained in this document, the [**REDACTED**] and any formal announcements we make in Hong Kong when making your [**REDACTED**] decision regarding our Shares. We do not accept responsibility for the accuracy or completeness of any information reported by the press or other media, nor for the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Prospective [**REDACTED**] should accordingly not rely on any such information, reports or publications in deciding whether to [**REDACTED**] in our [**REDACTED**]. By [**REDACTED**] our Shares in the [**REDACTED**], you will be deemed to have agreed not to rely on any information other than that contained in this document.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Our management, business operations and assets are primarily based outside Hong Kong. Our headquarters and our business operations are primarily based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where the Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. The Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), namely Dr. Sheng Zelin (盛澤林) and Ms. Au Yeung Lai Yee (歐陽麗儀), who will act as the Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(ii) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. Each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(iii) we have appointed Red Solar Capital Limited (the "**Compliance Adviser**") upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will serve as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized

Representatives, the Directors and the senior management who will provide such information and assistance as our Compliance Adviser may reasonably request in connection with the performance of its duties as set out in Chapter 3A of the Listing Rules; and

(iv) we will appoint other professional advisers (including legal adviser in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

We will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives and/or the Compliance Adviser in accordance with the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that 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 (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(i) length of employment with the issuer and other issuers and the roles he or 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 Codes;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application 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:

(i) whether the applicant has principal business activities primarily outside Hong Kong;

(ii) whether the applicant is able to demonstrate the need to appoint a person who does not have the acceptable qualification nor relevant experience as a company secretary; and

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

Further, pursuant to 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:

(i) 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

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

Our Group's principal business operations are in the PRC. We consider that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to the Company's operations; (ii) nexus to the Board; and (iii) close working relationship with the management of the 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 the Company to appoint a person who is familiar with our business and affairs as a company secretary.

The Company has appointed Ms. Gao Qingping (高青平) ("**Ms. Gao**") as one of the joint company secretaries. The Company believes that it would be in the best interests of the Company and the corporate governance of our Group to appoint Ms. Gao who has extensive experience of the Group's board and corporate management matters as a joint company secretary. Since Ms. Gao presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, she may not be able to solely fulfil the requirements of the Listing Rules. Therefore, we have appointed Ms. Au Yeung Lai Yee (歐陽麗儀) ("**Ms. Au Yeung**"), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Gao for an initial period of three years from the [**REDACTED**] to enable her to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For biographical details of Ms. Gao and Ms. Au Yeung, see "Directors and Senior Management."

Given Ms. Au Yeung's professional qualification and experience, she will be able to explain to both Ms. Gao and the Company the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Au Yeung will also assist Ms. Gao in organizing Board meetings and Shareholders' general meetings as well as other matters of the Company which are incidental to the duties of a company secretary. Ms. Au Yeung is expected to work closely with Ms. Gao and will maintain regular contact with Ms. Gao, the Directors and the senior management of the Company. Ms. Gao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. We will further ensure that Ms. Gao will also be assisted by our Compliance Adviser and our legal adviser as to Hong Kong law on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Gao does not possess the formal qualifications required of a company secretary under Rule 3.28 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 requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Au Yeung may be appointed as a joint company secretary of the Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (i) Ms. Gao must be assisted by Ms. Au Yeung, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked immediately if and when Ms. Au Yeung ceases to provide such assistance to Ms. Gao as a joint company secretary or if there are material breaches of the Listing Rules by the Company.

Before the expiration of the initial three-year period, the qualifications of Ms. Gao 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. The Company must demonstrate and seek the Stock Exchange's confirmation that Ms. Gao, having benefited from the assistance of Ms. Au Yeung for the preceding three years, will have acquired the skills necessary to carry out the duties of a 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.

[**REDACTED**]

WAIVERS AND EXEMPTIONS

[**REDACTED**]

WAIVERS AND EXEMPTIONS

[**REDACTED**]

WAIVERS AND EXEMPTIONS

[**REDACTED**]

WAIVERS AND EXEMPTIONS

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Sheng Zelin (盛澤林)	Block B Lane 55, Lanhai Road Chenjia Town Chongming District Shanghai PRC	American
Ms. Lu Huiping (陸惠萍)	Floor 1, No. 11 Lane 266, Anbo Road Yangpu District Shanghai PRC	Chinese
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[**REDACTED**]

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The information and statistics set forth in this section were extracted from official government publications, public market research and independent research. In particular, we engaged Frost & Sullivan, an independent market research and consulting company, to prepare an industry report, or the Frost & Sullivan Report, for the [**REDACTED**]. *Except as otherwise noted, all of the information contained in this section is derived from the Frost & Sullivan Report. We believe that the sources of the information set forth in this section are appropriate sources for such information 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. The information from official government sources has not been independently verified by us, the Sole Sponsor,* [**REDACTED**]*, any of their respective directors, officers and advisors, or any other persons or parties involved in the* [**REDACTED**].

OVERVIEW OF PHARMACEUTICAL MARKET

Overview

Drug development is a complex and time-consuming process subject to stringent regulatory oversight. It typically includes preclinical studies to assess safety and biological activity, followed by the submission of an investigational new drug application. Clinical development is generally conducted in three phases, with Phase I focusing on safety and pharmacokinetics, Phase II evaluating dosing and preliminary efficacy, and Phase III confirming efficacy and safety in larger patient populations. Following successful clinical trials, a new drug application or biologics license application is submitted for regulatory review prior to commercialization. From preclinical research to regulatory approval, the overall development process typically spans several years and may even extend over a decade.

The global pharmaceutical market, comprising chemical drugs and biologics, is projected to reach US$1,691.4 billion by 2026, and it is further projected to increase to US$2,630.7 billion by 2035, at a CAGR of 5.0% from 2026 to 2035. The China pharmaceutical market, accompanying with the growth of economy and healthcare demand, increased from RMB1,447.9 billion in 2020 to RMB1,654.6 billion in 2025 at a CAGR of 2.7%. China's pharmaceutical market is further projected to increase to RMB3,017.6 billion in 2035, at a CAGR of 7.7% from 2030 to 2035.

We strategically focus on therapeutic areas with significant unmet medical needs and growth potential, including oncology, hematology and auto-immune disease. China's pharmaceutical market is expected to continue expanding, driven by population aging, progress in innovative antibody therapies, development of global R&D capabilities and international partnerships.

The PRC government has continuously introduced supportive policies incentivizing the development of innovative drugs. For example, in January 2025, the State Council promulgated Comprehensively Deepening the Reform of Drug and Medical Device Regulation and Promoting the High-Quality Development of the Pharmaceutical Industry (《國務院辦公廳關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》), which aimed at improving the review and approval of innovative drugs and medical devices. In July 2025, the National Healthcare Security Administration and the National Health Commission released Several Measures to Support the High-Quality Development of Innovative Pharmaceuticals (《支持創新藥高質量發展的若干措施》), which broadened access pathways for high-value innovative medicines and promoted the rational use of innovative drugs.

Further, out-licensing activities in China have grown rapidly in recent years. In 2024, there were 94 out-licensing deals in China, with a total disclosed deal value of US$51.9 billion. In 2025, 157 out-licensing deals were recorded in China, with total disclosed deal value amounting to US$135.6 billion, reflecting strong momentum of the out-licensing activities. Globally, pharmaceutical transaction trends show declining deal volumes but sustained growth in total transaction value — rising from US$177.5 billion in 2021 to US$187.4 billion in 2024. This shift reflects a strategic pivot in the industry toward value enhancement and quality-focused investments, driving a substantial increase in average transaction value.

Key growth drivers for the biopharmaceutical market in Chinese Mainland include: (i) increasing disease burden and unmet medical needs: population aging, lifestyle changes and improved diagnosis rates are contributing to the increasing disease burden, while substantial unmet medical needs remain in cancer, hematologic and autoimmune diseases; (ii) rapid adoption of innovative treatment modalities: targeted therapies, monoclonal antibodies, T cell engagers and other biologics are increasingly adopted as treatment paradigms shift toward more precise and mechanism-based therapies; and (iii) expanding reimbursement coverage for innovative therapies: broader coverage under the NRDL and commercial health insurance programs is improving patient affordability and supporting broader adoption of innovative biopharmaceuticals. Key challenges for the biopharmaceutical market in Chinese Mainland include: (i) intensifying market competition: increasing competition among domestic and multinational companies targeting similar mechanisms and indications, together with the rapid entry of biosimilars and follow-on biologics, is putting greater pressure on pricing, market share and commercialization efficiency; (ii) high R&D costs and clinical development risks: innovative therapies typically require significant R&D investment, long development timelines and complex clinical trials, with high failure risks arising from challenges in demonstrating sufficient efficacy and safety amid evolving clinical standards and competitive treatment landscapes; and (iii) increasing clinical and regulatory complexity: more stringent regulatory requirements, including larger trials, longer follow-up periods, more demanding endpoints and increasing expectations for real-world evidence and post-marketing surveillance, are adding to clinical development and regulatory burdens.

MARKETS OF THE GROUP'S COMMERCIALIZED PRODUCTS

Oncology

Overview

Cancer remains the leading cause of mortality worldwide, resulting in millions of deaths each year. Both globally and in China, cancer incidence continues to rise. The global incidence of cancer was 21.9 million cases in 2025 and is expected to reach 24.1 million cases by 2030. In China, the incidence of cancer was 5.1 million cases in 2025 and is expected to reach 5.7 million by 2030. Among all cancer types, lung cancer, colorectal cancer, thyroid cancer, liver cancer and stomach cancer rank as the top five in China, collectively accounting for over 50% of new cases annually.

The global oncology drug market grew from US$150.3 billion in 2020 to US$278.2 billion in 2025, at a CAGR of 13.1%, and is projected to reach US$435.6 billion by 2030, at a CAGR of 9.4% from 2025 to 2030, and further to US$683.0 billion by 2035, at a CAGR of 9.4% from 2030 to 2035. In China, the market grew from RMB197.5 billion in 2020 to RMB279.1 billion in 2025, at a CAGR of 7.2%, and is projected to reach RMB504.0 billion by 2030, at a CAGR of 12.5% from 2025 to 2030, and further to RMB980.0 billion in 2035, at a CAGR of 14.2% from 2030 to 2035.

Liver Cancer

HCC is the most common type of primary liver cancer (approximately 90%) and is the most common cause of death in patients with cirrhosis. According to CSCO Guidelines, HCC treatment options are different depending on the stage of the disease. For early-stage HCC patients, surgical resection and locoregional therapies are mostly adopted while for late-stage patients, the recommended treatment options are majorly systemic therapies.

In China, new case of liver cancer reached 389.6 thousand in 2025 at a CAGR of 2.1% from 2020 to 2025. It is projected to further increase to 436.0 thousand in 2030, and 481.0 thousand in 2035. China's HCC drug market increased from RMB7.2 billion in 2020 to RMB16.7 billion in 2025, at a CAGR of 18.4%. The market is further expected to expand to RMB29.1 billion by 2030 and RMB43.9 billion by 2035, at a CAGR of 11.8% from 2025 to 2030 and 8.5% from 2030 to 2035.

In China, treatment options for liver cancer include surgical resection, liver transplantation, locoregional therapies and systemic therapies. For patients with advanced or unresectable HCC, systemic therapy has become the primary treatment approach, among which small-molecule targeted drugs are widely used due to their convenient oral administration and established efficacy. Accordingly, the market share of Zepsun® is calculated within the small-molecule targeted therapy market. The following chart shows the competitive landscape of approved small-molecule targeted drugs for liver cancer in China as of the Latest Practicable Date.

Brand Name	Generic Name	Target	Company	First Approval Date	Liver Cancer Small Molecule Targeted Drugs Market Share in terms of revenue in 2025
Zepsun®	Donafenib Tosilate Tablets	BRAF | BRAF V600E | FLT3 | KIT | PDGFRB | RAF1 | VEGFR2 | VEGFR3	The Company	2021-06-08	26.8%
Fukewei 福可维®	Anlotinib Hydrochloride Capsules	FGFR | KIT | PDGFR | RET | VEGFR	Sino Biopharmaceutical Limited ("**Sino Biopharma**")(1)	2025-12-26	/
Lenvima®	Lenvatinib Mesilate Capsules	FGFR | KIT | PDGFA | RET | VEGFR	Eisai Co., Ltd.(2)	2018-09-04	34.6%
Aitan®	Apatinib Mesylate Tablets	VEGFR2	Jiangsu Hengrui Pharmaceuticals Co., Ltd. ("**Hengrui**")(3)	2020-10-27	25.6%
Stivarga®	Regorafenib Tablets	ABL1 | BRAF | DDR2 | EPHA2 | FGFR | FRK | KIT | MAPK11 | NTRK1 | PDGFR | RAF1 | RET | TEK | VEGFR	Bayer AG(4)	2017-12-12	7.9%
Nexavar®	Sorafenib Tosylate Tablets	BRAF | BRAF V600E | FLT3 | KIT | PDGFRB | RAF1 | VEGFR2 | VEGFR3	Bayer AG(4)	2008-06-30	5.1%

*(1) Sino Biopharma is a China-based pharmaceutical company founded in 2000, focusing on oncology, hepatology and respiratory diseases. It is listed on the Stock Exchange. It conducts its pharmaceutical operations primarily through its core operating subsidiary in China, Chia Tai Tianqing Pharmaceutical Group Co., Ltd. ("**Chia Tai Tianqing**"), which has registered capital of approximately USD124 million.*

(2) Eisai Co., Ltd. is a Japan-based global pharmaceutical company founded in 1941, focusing on neurology and oncology. It is listed on the Tokyo Stock Exchange. It conducts its pharmaceutical operations in China primarily through Eisai (China) Investment Co., Ltd., which has a registered capital of approximately US$109 million.

(3) Hengrui is a China-based innovative pharmaceutical company founded in 1970 with a strong oncology-focused pipeline. It is dual listed on the Stock Exchange and the Shanghai Stock Exchange, with registered capital of approximately US$870 million.

(4) Bayer AG is a Germany-based multinational life sciences company founded in 1863. It is listed on the Frankfurt Stock Exchange. It conducts its pharmaceutical operations in China primarily through its subsidiary, Bayer (China) Limited, which has registered capital of approximately USD300 million.

Sources: NMPA, Frost & Sullivan analysis

Zepsun® is an oral tyrosine kinase inhibitor approved in Chinese Mainland for the first-line treatment of advanced HCC, which demonstrated an improvement in mOS compared with sorafenib, providing clinical evidence supporting its use as a monotherapy treatment option in this setting.

In terms of safety and tolerability, Zepsun® has shown a manageable adverse event profile, which may support its clinical use in patients requiring oral, outpatient-based treatment. As an oral therapy, it also offers convenience and potential adherence advantages compared with intravenous regimens, which may be relevant in long-term treatment management.

In the current standard-of-care landscape for HCC, first-line treatment has increasingly shifted toward combination regimens involving immune checkpoint inhibitors and targeted therapies, such as PD-1-based combinations with anti-VEGF agents or tyrosine kinase inhibitors. Within this evolving treatment paradigm, Zepsun® is positioned as a monotherapy tyrosine kinase inhibitor option that remains clinically relevant within selected patient populations, and may also be considered in combination-based treatment strategies with immunotherapies or other agents, based on emerging clinical practice. It is also included in relevant clinical guidelines in China as a recommended systemic therapy option for advanced hepatocellular carcinoma.

Thyroid Cancer

Thyroid cancer is a malignancy originating from the thyroid tissue, with the potential to metastasize to distant sites. Common symptoms include swelling in the neck or the presence of a hard lump. Thyroid cancer is mainly classified into differentiated thyroid carcinoma ("**DTC**"), medullary thyroid carcinoma, and anaplastic thyroid carcinoma.

In China, new case of thyroid cancer reached 481.5 thousand in 2025 at a CAGR of 1.6% from 2020. It is projected to reach 474.6 thousand by 2030. China's thyroid cancer drug market has grown from RMB1.4 billion in 2020 to RMB1.8 billion in 2025 at a CAGR of 4.8%. The market is further projected to expand to RMB3.5 billion by 2030 and RMB5.6 billion by 2035, at a CAGR of 14.7% from 2025 to 2030 and 9.8% from 2030 to 2035.

The following chart shows the competitive landscape of approved small-molecule targeted drugs for differentiated thyroid cancer in China as of the Latest Practicable Date.

Brand Name	Generic Name	Target	Company	First Approval Date
Zepsun®	Donafenib Tosilate Tablets	BRAF | BRAF V600E | FLT3 | KIT | PDGFRB | RAF1 | VEGFR2 | VEGFR3	The Company	2022-08-10
Mekinist®	Trametinib tablets	MEK1 | MEK2	Novartis AG(1)	2026-06-10
Tafinlar®	Dabrafenib mesylate capsules	BRAF	Novartis AG(1)	2026-06-10
Fukewei (福可维®)	Anlotinib Hydrochloride Capsules	FGFR | KIT | PDGFR | RET | VEGFR	Sino Biopharma	2022-04-08
Lenvima®	Lenvatinib Mesilate Capsules	FGFR | KIT | PDGFA | RET | VEGFR	Eisai Co., Ltd.	2020-11-04
Nexavar®	Sorafenib Tosylate Tablets	BRAF | BRAF V600E | FLT3 | KIT | PDGFRB | RAF1 | VEGFR2 | VEGFR3	Bayer AG	2017-03-21

(1) Novartis AG is a global pharmaceutical company founded in 1996, focusing on innovative prescription medicines across oncology, immunology, cardiovascular and neuroscience. It is dual listed on the New York Stock Exchange and the SIX Swiss Exchange. It conducts its pharmaceutical operations in China primarily through Beijing Novartis Pharma Co., Ltd., which has a registered capital of approximately US$30 million.

Sources: NMPA, Frost & Sullivan analysis

Compared with conventional treatments, donafenib provides a long-term systemic targeted therapy option for patients with RAI-refractory DTC. For patients ineligible for surgery or unresponsive to radiotherapy, it represents a clear clinical alternative.

Zepsun® is indicated in Chinese Mainland for the treatment of radioactive iodine-refractory differentiated thyroid cancer. Clinical evidence has demonstrated clinically meaningful antitumor activity, including significant improvements in progression-free survival and objective response rate, as well as reductions in the risk of disease progression and death. Domestic Phase III clinical studies further demonstrated clinical benefits in both treatment-naïve patients and those previously treated with tyrosine kinase inhibitors. In addition to its efficacy profile, Zepsun® has demonstrated favorable safety and tolerability. Clinical data showed a lower incidence of serious adverse events, as well as fewer treatment interruptions and discontinuations due to adverse reactions, compared with certain existing tyrosine kinase inhibitor therapies. These characteristics may be particularly relevant for long-term outpatient management of patients with radioactive iodine-refractory differentiated thyroid cancer.

Within this competitive treatment landscape, Zepsun® is positioned as an orally administered multikinase inhibitor with demonstrated efficacy and tolerability advantages. Patients may experience intolerance or develop resistance during treatment with sorafenib or lenvatinib, while subsequent treatment options remain limited. As a result, there is a need for additional domestically developed treatment options for patients with radioactive iodine-refractory differentiated thyroid cancer. Against this backdrop, Zepsun® provides an additional option within the established multikinase inhibitor treatment class and strengthens the range of available treatment choices for patients with advanced radioactive iodine-refractory differentiated thyroid cancer.

Myelofibrosis

MF is a clonal hematopoietic stem cell disorder classified among the Philadelphia-negative myeloproliferative neoplasms. The disease is driven by aberrant JAK-STAT signaling, most commonly involving JAK2, CALR, or MPL mutations.

China's myelofibrosis drug market size reached RMB2.1 billion in 2025, at a CAGR of 3.6% from 2020 to 2025. The market size is projected to reach RMB2.5 billion in 2030 and RMB3.3 billion in 2035, at a CAGR of 4.1% from 2025 to 2030 and a CAGR of 5.4% from 2030 to 2035. The number of patients with myelofibrosis in China grew to 62.4 thousand in 2025, at a CAGR of

0.4% during 2020 and 2025. This number is projected to reach 63.5 thousand in 2030 and 64.6 thousand in 2035. As of the Latest Practicable Date, there were four small molecule targeted drugs approved for the treatment of MF in China, as listed below.

Brand Name	Generic Name	Target	Company	First Approval Date
Zepuping	Gecacitinib Hydrochloride Tablets	ALK2 | JAK1 | JAK2 | JAK3 | TYK2	The Company	2025-05-27
Bangruishun 邦瑞順®	Bezacitinib Tablets	JAK2	Hangzhou Bangshun Pharmaceutical Co., Ltd.(1)	2026-04-29
Anxu 安煦®	Rovadicitinib Tablets	JAK1 | JAK2 | ROCK1 | ROCK2	Chia Tai Tianqing(2)	2026-02-28
Jakafi®	Ruxolitinib Phosphate Tablets	JAK1 | JAK2	Incyte Corporation(3)	2017-03-10

(1) Hangzhou Bangshun Pharmaceutical Co., Ltd. is a China-based pharmaceutical company focused on the research and development of innovative oral small-molecule drug candidates, primarily targeting oncology and autoimmune diseases, with registered capital of approximately US$7.1 million.

(2) Chia Tai Tianqing, a subsidiary of Sino Biopharma, is a China-based pharmaceutical company engaged in the research, development and commercialization of innovative and generic medicines, with registered capital of approximately US$124 million.

(3) Jakafi® is developed by Incyte Corporation and marketed by Incyte Corporation and Novartis AG. Incyte Corporation is a US-based innovative biopharmaceutical company founded in 1991 with a focused pipeline in oncology and immunology. It is listed on the Nasdaq Stock Market. It conducts its operations in China primarily through Incyte Pharmaceutical Technology (Shanghai) Co., Ltd., which has a registered capital of approximately US$18 million.

Sources: NMPA, Frost & Sullivan analysis

Recombinant Human Thyroid Stimulating Hormone

Overview

Thyroid stimulating hormone ("**TSH**") is a glycoprotein hormone produced by basophilic cells of the anterior pituitary. It plays a central role in regulating thyroid gland growth, hormone synthesis, and secretion, thereby controlling metabolism and maintaining homeostasis. Recombinant human TSH ("**rhTSH**") is a biotechnologically produced form of human TSH with an amino acid sequence identical to that of endogenous pituitary TSH, used clinically to provide exogenous TSH stimulation without the need for thyroid hormone withdrawal in patients with differentiated thyroid cancer.

China's rhTSH drug market size reached RMB31.7 million in 2025. The market size is projected to reach RMB1,228.3 million and RMB2,606.3 million by 2030 and 2035, respectively, at a CAGR of 107.8% from 2025 to 2030 and 16.2% from 2030 to 2035.

There currently are only two human thyrotropin approved in China. Zesuning, developed by us, is approved for use in postoperative follow-up of differentiated thyroid cancer patients. Another drug developed by SmartNuclide Biopharma Co., Ltd. is approved for use in adjuvant treatment with iodine-131 for ablation of residual thyroid tissue in patients with differentiated thyroid carcinoma without distant metastasis following total or near-total thyroidectomy. SmartNuclide Biopharma Co., Ltd. is a China-based biopharmaceutical company founded in 2015, focusing on nuclear medicine-related biologics including recombinant human thyroid-stimulating hormone, and listed in China.

Recombinant Human Thrombin

Overview

Topical hemostatic products used in surgery mainly fall into two categories. The first category includes absorbable hemostatic materials such as oxidized regenerated cellulose, gelatin sponges, and chitosan-based materials. The second category comprises topical or locally applied hemostatic drugs, such as thrombin preparations, fibrin sealants, and thrombin–gelatin matrices, which act by directly catalyzing fibrin formation and accelerating clot development. Thrombin is widely used in China because it offers rapid onset, is suitable for diffuse oozing or irregular wound surfaces.

Recombinant human thrombin is a genetically engineered, sequence-identical form of human thrombin produced in mammalian expression systems. Compared with bovine, porcine, or plasma-derived thrombin products, recombinant human thrombin provides clinically comparable hemostatic efficacy but offers several important advantages. Its immunogenicity is markedly lower, avoiding the well-documented issue of anti-bovine thrombin antibodies and the associated immune-mediated coagulopathy that can occur with animal-derived preparations. As of the Latest Practicable Date, Zepuning is the only approved recombinant human thrombin in China.

China's surgical topical hemostatic agents market grew from RMB6.8 billion in 2020 to RMB9.9 billion in 2025 at a CAGR of 7.7%, and is projected to reach RMB14.1 billion by 2030 and RMB18.9 billion by 2035 at a CAGR of 7.3% from 2025 to 2030 and 6.0% from 2030 to 2035.

MARKETS OF THE GROUP'S MAJOR DRUG CANDIDATES

Autoimmune Diseases

Overview

Autoimmune diseases comprise a heterogeneous group of disorders in which the immune system mounts an inappropriate response against self-antigens, leading to inflammation and tissue injury. Broadly, autoimmune diseases are classified into organ-specific and systemic forms. Although the precise etiology has not been completely understood, current evidence indicates a multifactorial pathogenesis involving genetic susceptibility, environmental triggers, epigenetic alterations, and dysregulation of central and peripheral immune tolerance.

From 2020 to 2025, the global autoimmune disease drug market increased from US$120.6 billion to US$154.9 billion, at a CAGR of 5.1%, and is expected to reach US$218.8 billion and US$272.8 billion by 2030 and 2035, at a CAGR of 7.2% and 4.5% from 2025 to 2030 and from 2030 to 2035, respectively. From 2020 to 2025, China's autoimmune disease drug market increased from RMB17.4 billion to RMB38.0 billion, representing a CAGR of 16.9%, and is projected to reach RMB123.7 billion and RMB313.4 billion by 2030 and 2035, at a CAGR of 26.6% and 20.4% from 2025 to 2030 and from 2030 to 2035, respectively.

Alopecia Areata

Alopecia areata is a non-scarring hair loss symptom and is also regarded as an autoimmune disease. Certain patients, particularly those with mild or patchy disease, may experience spontaneous regrowth. Current treatment options include both local and systemic therapies aimed at reducing inflammation, promoting hair regrowth, and controlling disease flares.

The number of patients with alopecia areata in China grew to 3.8 million in 2025, the number is projected to reach 3.9 million in 2035. China's alopecia areata drug market size reached RMB1.1 billion in 2025, at a CAGR of 10.0% from 2020 to 2025. The market size is projected to reach RMB2.7 billion in 2030 and RMB5.4 billion in 2035, at a CAGR of 20.2% from 2025 to 2030 and a CAGR of 14.8% from 2030 to 2035.

The following chart shows the competitive landscape of approved JAK inhibitors for alopecia areata in China as of the Latest Practicable Date.

Brand Name	Generic Name	Target	Company	First Approval Date
Zepuping	Gecacitinib Hydrochloride Tablets	ALK2 | JAK1 | JAK2 | JAK3 | TYK2	The Company	2026-06-10
Aisuda 艾速达®	Ivarmacitinib Sulfate Tablets	JAK1	Hengrui	2025-06-24
Litfulo®	Ritlecitinib Tosylate Capsules	JAK3 | TEC	Pfizer Inc.(1)	2023-10-18
Olumiant®	Baricitinib Tablets	JAK1 | JAK2	Incyte Corporation	2023-03-24

(1) Pfizer Inc. is a US-based global biopharmaceutical company founded in 1849 with a diversified innovative drug portfolio across oncology, vaccines and rare diseases. It is listed on the New York Stock Exchange and conducts its pharmaceutical operations in China primarily through Pfizer Investment Co., Ltd., which has a registered capital of approximately US$84 million.

Sources: NMPA, Frost & Sullivan analysis

Atopic Dermatitis

Atopic dermatitis is a chronic, relapsing inflammatory skin disease characterized by intense pruritus and eczematous lesions with age-dependent morphology and distribution. Clinically, atopic dermatitis presents a broad spectrum of symptoms from mild localized dermatitis to severe, generalized disease that significantly impair patients' quality of life. The basic treatment options for atopic dermatitis in China include topical corticosteroids and calcineurin inhibitors. For moderate-to-severe atopic dermatitis, systemic therapies become essential, including traditional immunosuppressants, biologic agents targeting type-2 inflammation, and JAK inhibitors, all of which have demonstrated clinical efficacy in controlling symptoms and reducing disease burden.

The number of patients with atopic dermatitis in China reached 74.1 million in 2025, at a CAGR of 1.9% from 2020 to 2025. This number is projected to reach 79.1 million in 2030 and 81.2 million in 2035. China's atopic dermatitis drug market size reached RMB13.2 billion in 2025, at a CAGR of 25.1% from 2020 to 2025. The market size is projected to climb to RMB36.1 billion in 2030 and RMB53.2 billion in 2035, at a CAGR of 22.3% from 2025 to 2030 and a CAGR of 8.0% from 2030 to 2035.

The following chart shows the competitive landscape of approved JAK inhibitors for atopic dermatitis in China as of the Latest Practicable Date.

Brand Name	Generic Name	Target	Company	First Approval Date
Aisuda 艾速达®	Ivarmacitinib Sulfate Tablets	JAK1	Hengrui	2025-04-01
Cibinqo®	Abrocitinib Tablets	JAK1	Pfizer Inc.	2022-04-08
Rinvoq®	Upadacitinib Sustained-release Tablets	JAK1	AbbVie Inc.(1)	2022-02-18

(1) AbbVie Inc. is a US-based innovative biopharmaceutical company founded in 2013 with a strong pipeline across immunology, oncology, neuroscience and aesthetics. It is listed on the New York Stock Exchange and conducts its pharmaceutical operations in China primarily through AbbVie Pharmaceutical Trading (Shanghai) Co., Ltd., which has a registered capital of approximately US$26 million.

Sources: NMPA, Frost & Sullivan analysis

The following chart shows the competitive landscape of JAK inhibitors under clinical development (Phase III and above) for atopic dermatitis in China as of the Latest Practicable Date.

Generic Name	Target	Company	Clinical stage	First Posted Date
LNK01001	JAK1	Lynk Pharmaceuticals Co., Ltd.	NDA	2026-04-08
PG011	JAK1 | JAK2	Beijing Prime Gene Therapeutics Co., Ltd.	NDA	2026-02-11
MH 004	JAK	Minghui Pharmaceutical Co., Ltd.	NDA	2025-05-31
Gecacitinib Hydrochloride Tablets	ALK2 | JAK1 | JAK2 | JAK3 | TYK2	The Company	Phase III completed	2022-06-21
JYP0061	JAK1	Guangzhou Jiayue Pharmaceutical Technology Co., Ltd.	Phase III	2026-06-08
LW402	JAK1	Shanghai Longwood Biopharmaceuticals Co., Ltd.	Phase III	2026-01-27
QY201	JAK1 | TYK2	E-nitiate Biopharmaceuticals Co., Ltd.	Phase III	2025-02-07
VC005	JAK1	Jiangsu Vcare PharmaTech Co., Ltd.	Phase III	2024-12-09
ICP332	JAK1 | TYK2	InnoCare Pharma Limited	Phase III	2024-08-26

Sources: CDE, Frost & Sullivan analysis

Ankylosing Spondylitis

Ankylosing spondylitis is a type of arthritis characterized by long-term inflammation of the spinal joints, typically with inflammation of the sacroiliac joint and spinal attachment points as the main symptoms. Currently, there is no curative treatment for ankylosing spondylitis.

First-line therapy for ankylosing spondylitis includes non-steroidal anti-inflammatory drugs ("**NSAIDs**"). If there is an inadequate response to first-line therapy, TNF inhibitors may also be considered. IL-17 inhibitors are also effective alternatives for patients who fail or cannot tolerate TNF blockers.

The number of patients with ankylosing spondylitis in China reached 3968.4 thousand in 2025, the number is projected to reach 4045.2 thousand in 2030 and 4121.8 thousand in 2035. China's ankylosing spondylitis drug market size reached RMB17.0 billion in 2025, at a CAGR of 12.1% from 2020 to 2025. The market size is projected to climb to RMB40.0 billion in 2030 and RMB57.3 billion in 2035, at a CAGR of 18.7% from 2025 to 2030 and a CAGR of 7.4% from 2030 to 2035.

The following chart shows the competitive landscape of approved JAK inhibitors for ankylosing spondylitis in China as of the Latest Practicable Date.

Brand Name	Generic Name	Target	Company	First Approval Date
Aisuda 艾速达®	Ivarmacitinib Sulfate Tablets	JAK1	Hengrui	2025-03-18
Rinvoq®	Upadacitinib Sustained-release Tablets	JAK1	AbbVie Inc.	2023-10-24
Xeljanz®	Tofacitinib Citrate Tablets	JAK1 | JAK2 | JAK3	Pfizer Inc.	2022-04-12

Sources: NMPA, Frost & Sullivan analysis

The following chart shows the competitive landscape of JAK inhibitors under clinical development (Phase III and above) for ankylosing spondylitis in China as of the Latest Practicable Date.

Generic Name	Target	Company	Clinical stage	First Posted Date
Gecacitinib Hydrochloride Tablets	ALK2 | JAK1 | JAK2 | JAK3 | TYK2	The Company	Phase III completed	2023-05-16
VC005	JAK1	Jiangsu Vcare PharmaTech Co., Ltd.	Phase III	2025-09-11
LNK01001	JAK1	Lynk Pharmaceuticals Co., Ltd.	Phase III	2024-01-17

Sources: CDE, Frost & Sullivan analysis

DLL3/DLL3/CD3 Trispecific Antibody

Overview

CD3 is a critical component of the TCR complex, expressed specifically on the surface of T cells, and is essential for transmitting activation signals upon antigen recognition. Engagement of CD3 by antibodies or T-cell engagers triggers T-cell activation, proliferation, and cytotoxic effector functions.

DLL3 is a single-pass transmembrane protein belonging to the Notch ligand family. DLL3 is minimally expressed in normal adult tissues but is highly overexpressed in SCLC and other neuroendocrine tumors, making it an attractive tumor-associated antigen. DLL3 expression is associated with tumor cell survival, proliferation, and maintenance of neuroendocrine features.

Trispecific DLL3/DLL3/CD3 T-cell engagers are engineered to simultaneously bind DLL3 on tumor cells and CD3 on T cells. This dual engagement induces the formation of a potent, MHC-independent cytolytic synapse, thereby redirecting T cells to kill tumor cells efficiently. As of the Latest Practicable date, the only globally approved DLL3/CD3 (bispecific, single DLL3 engagement) drug is Imdelltra® (Tarlatamab), which was approved by FDA on May 16, 2024 and by NMPA on April 07, 2026, for the treatment of adult patients with extensive-stage SCLC with disease progression on or after platinum-based chemotherapy.

The following chart shows the competitive landscape of DLL3/CD3 and DLL3/DLL3/CD3 antibody drugs under clinical development worldwide as of the Latest Practicable Date.

Generic Name	Target	Clinical stage	Indication	Company	First Posted Date	Region
ZG006	DLL3 | DLL3 | CD3	Phase III	SCLC	The Company	2025-09-23	China
BI764532	DLL3 | CD3	Phase III	SCLC	Boehringer Ingelheim International GmbH	2026-03-16	Global
SHR-7787	DLL3 | CD3	Phase II	Solid tumors	Hengrui	2025-12-02	China
HPN328	DLL3 | CD3 | Albumin	Phase I/II	SCLC, NEPC, NET	Merck & Co.	2020-07-15	US, China
CTM012	DLL3 | CD3 | 4-1BB	Phase I/II	Solid tumors	Lepu Biopharma Co., Ltd.	2025-09-28	China
HLX3901	DLL3 | CD3 | CD28	Phase I	SCLC, NEC	Shanghai Henlius Biotech, Inc.	2026-02-18	China
IBI15	DLL3 | CD3	Phase I	SCLC	Innovent Biologics, Inc.	2026-05-06	China
RO7616789	DLL3 | CD3 | 4-1BB	Phase I	NET, SCLC	F. Hoffmann-La Roche AG	2022-11-17	US, EU, Japan

Note: For each drug candidate, only the indications at the most advanced stage of clinical development are included. Global means more than three countries. NEPC: neuroendocrine prostate cancer, NET: neuroendocrine neoplasm.

Sources: Clinicaltrials.gov, CDE, Frost & Sullivan analysis

Small Cell Lung Cancer

SCLC is an aggressive neuroendocrine carcinoma of the lung, accounting for approximately 15% of all lung cancers. SCLC is characterized by rapid growth, early and widespread metastasis, and poor prognosis. Most patients are diagnosed at an advanced stage due to the disease's asymptomatic and fast-progressing nature.

In 2020, the incidence of SCLC in China was 150.5 thousand, rising to 170.5 thousand in 2025 at a CAGR of 2.5%. It is expected to reach 196.3 thousand by 2030 and 221.2 thousand by 2035. Globally, the number of new SCLC cases rose to 399.2 thousand in 2025, at a CAGR of 2.7% from 2020 to 2025, and is expected to reach 458.0 thousand by 2030 and 519.2 thousand by 2035. Global SCLC drug market size reached US$5.1 billion in 2025, at a CAGR of 12.9% from 2020 to 2025, and is expected to reach US$7.9 billion and US$11.5 billion by 2030 and 2035, respectively, at a CAGR of 9.1% from 2025 to 2030 and a CAGR of 7.8% from 2030 to 2035. In China, SCLC drug market size reached RMB7.1 billion in 2025, at a CAGR of 14.2% from 2020 to 2025, and is expected to reach RMB15.7 billion and RMB32.7 billion by 2030 and 2035, respectively, at a CAGR of 17.2% from 2025 to 2030 and a CAGR of 15.7% from 2030 to 2035.

Neuroendocrine Carcinoma

NENs are a heterogeneous group of tumors arising from neuroendocrine cells, and can occur throughout the body, most commonly in the lung, pancreas, stomach, colon, and rectum. Pathologically, NENs are classified into well-differentiated NETs and poorly differentiated NECs. NECs are highly aggressive, characterized by rapid tumor growth, early metastasis, frequent recurrence, and poor prognosis, accounting for approximately 20% of all NENs. In contrast, NETs are generally indolent, with slower progression and more favorable clinical outcomes.

In 2020, the global incidence of NEC globally was 69.2 thousand, rising to 90.6 thousand in 2025 at a CAGR of 5.5%. It is projected to reach 105.4 thousand by 2030, and 120.4 thousand by 2035. In China, the incidence of NEC increased from 17.0 thousand in 2020 to 24.1 thousand in 2025, at a CAGR of 7.3%. By 2030 and 2035, the incidence of NEC is predicted to reach 29.9 thousand and 35.5 thousand, respectively. Global NEC drug market size reached US$5.2 billion in 2025, at a CAGR of 7.2% from 2020 to 2025, and is projected to reach US$9.3 billion and US$19.8 billion by 2030 and 2035, at a CAGR of 12.2% from 2025 to 2030 and a CAGR of 16.4% from 2030 to 2035. China's NEC drug market size reached RMB1.9 billion in 2025, at a CAGR of 16.1% from 2020 to 2025, and is projected to reach RMB4.8 billion and RMB13.4 billion by 2030 and 2035, at a CAGR of 21.1% and 22.7% from 2025 to 2030 and from 2030 to 2035, respectively.

PD-1/TIGIT Bispecific Antibody

Overview

Programmed death protein 1 is a common immunosuppressive member on the surface of T cells and plays an imperative part in downregulating the immune system and advancing self-tolerance. The TIGIT signaling pathway is an important immunosuppressive pathway that inhibits the proliferation of T cells and NK cells and promotes their apoptosis. The PD-1/PD-L1 signaling pathway and the TIGIT signaling pathway are both immunosuppressive pathways. As such, PD-1/TIGIT bispecific antibody can simultaneously inhibiting both pathways and synergistically activate T cells and NK cells, thereby enhancing antitumor immunity to improve efficacy.

The following chart shows the competitive landscape of PD-1/TIGIT antibody drugs under clinical development worldwide as of the Latest Practicable Date.

Generic Name	Target	Clinical stage	Indication	Company	First Posted Date	Region
AZD2936	TIGIT | PD-1	Phase III	Biliary tract cancer, NSCLC, nsqNSCLC, sqNSCLC, GC, HCC, endometrial cancer	AstraZeneca PLC	2023-10-31	Global
ZG005	TIGIT | PD-1	Phase III Phase II	NEC, HCC Biliary tract cancer, cervical cancer, other advanced solid tumors	The Company	2026-08-06 2024-08-16	China
HY07121	TIGIT | PD-1 | IL15	Phase I/II	Solid tumors	Sichuan Huiyu Pharmaceutical Co., Ltd.	2024-10-11	China
SHR-3276	TIGIT | PD-1 | PVRIG	Phase I/II	Solid tumors	Hengrui	2024-10-15	China
BC008-1A	TIGIT | PD-1	Phase I	NSCLC, EC, solid tumors	REMD Biotherapeutics, Inc.	2023-02-02	China

Note: Global means more than three countries. Only the indications at the most advanced stage of clinical development are included. GC: gastric cancer, sqNSCLC: squamatic non-small cell lung cancer, nsqNSCLC: non-squamous non-small cell lung cancer, EC: esophageal cancer.

Sources: CDE, Clinicaltrials.gov, Frost & Sullivan analysis

For more details on the competitive landscape of HCC and NEC in China, which are also indications of the Group's drug candidates ZG005, see "— Markets of the Group's Commercialized Products — Oncology — Liver Cancer" and "— Markets of the Group's Major Drug Candidates — DLL3/DLL3/CD3 Trispecific Antibody — Neuroendocrine Carcinoma."

Cervical Cancer

Cervical cancer is a malignant tumor arising from the epithelial cells of the cervix, most commonly driven by persistent infection with high-risk human papillomavirus ("**HPV**"), especially types such as HPV-16 and HPV-18.

Cervical cancer is one of the most frequently occurring cancers in China. New cases of cervical cancer in China reached 158.9 thousand in 2025. It is projected to reach 164.5 thousand by 2030 and 168.6 thousand in 2035. Global new cases of cervical cancer reached 702.6 thousand in 2025. It is estimated to reach 760.1 and 814.5 thousand by 2030 and 2035. China's cervical cancer drug market size reached RMB2.3 billion in 2025, at a CAGR of 9.0% from 2020 to 2025, and is expected to reach RMB3.6 billion and RMB4.8 billion by 2030 and 2035, at a CAGR of 9.0% and 6.0% from 2025 to 2030 and from 2030 to 2035, respectively.

Non-small-cell Lung Cancer

Non-small-cell lung cancer ("**NSCLC**") is a group of epithelial lung cancers distinct from SCLC, accounting for approximately 85% of all lung cancer cases. In China, the incidence of NSCLC increased from 852.8 thousand in 2020 to 966.2 thousand in 2025, at a CAGR of 2.5%. By 2030 and 2035, the incidence of NSCLC is projected to reach 1,112.1 thousand and 1,253.7 thousand, respectively. In 2020, the incidence of NSCLC globally was 1,991.7 thousand, rising to 2,262.1 thousand in 2025. It is projected to reach 2,596.6 thousand by 2030, and 2,942.4 thousand by 2035. Global NSCLC drug market size reached US$104.3 billion in 2025, at a CAGR of 14.6% from 2020 to 2025, and is expected to reach US$184.8 billion and US$272.4 billion by 2030 and

2035, at a CAGR of 12.1% and 8.1% from 2025 to 2030 and from 2030 to 2035, respectively. China's NSCLC drug market size reached RMB88.1 billion in 2025, at a CAGR of 14.4% from 2020 to 2025, and is expected to reach RMB172.3 billion and RMB291.6 billion by 2030 and 2035, at a CAGR of 14.3% and 11.1% from 2025 to 2030 and from 2030 to 2035, respectively.

Other Advanced Solid Tumors

The Group's drug candidates, including ZGGS34, ZG2201, ZG2273, hold strong potentials to address the clinical needs of indications including gastric cancer and pancreatic cancer. Gastric cancer originates from the epithelial lining of the stomach and typically develops gradually over several years. It is an aggressive malignancy capable of metastasizing to distant organs, most commonly the liver, lungs, bones, peritoneum, and regional lymph nodes. Gastric cancer is one of the most frequently occurring cancers in China with new cases reached 383.1 thousand in 2025. It is further projected to reach 442.8 thousand in 2030 and 502.6 thousand in 2035. China's gastric cancer drug market size reached RMB56.8 billion in 2025, at a CAGR of 13.8% from 2020 to 2025, and is further projected to reach RMB82.9 billion and RMB111.3 billion by 2030 and 2035, at a CAGR of 7.8% from 2025 to 2030 and a CAGR of 6.1% from 2030 to 2035.

Pancreatic cancer is a malignant neoplasm arising from the pancreas, a gland involved in both digestive and endocrine functions. The majority of pancreatic tumors originate from exocrine cells, with pancreatic ductal adenocarcinoma accounting for over 90% of cases. China's pancreatic cancer new cases were 111.8 thousand in 2020 and reached 127.7 thousand in 2025, at a CAGR of 2.7%. It is further projected to reach 148.9 thousand in 2030 and 170.2 thousand in 2035. China's pancreatic cancer drug market increased from RMB2.7 billion in 2020 to RMB3.5 billion in 2025, at a CAGR of 5.1% from 2020 to 2025. It is further projected to reach RMB6.0 billion in 2030 and RMB10.8 billion in 2035 at a CAGR of 11.3% from 2025 to 2030 and 12.5% from 2030 to 2035.

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the major markets for which our drug candidates are positioned. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the U.S.. We have agreed to pay Frost & Sullivan a total fee of approximately RMB500,000 for the preparation of the Frost & Sullivan Report, and we believe that such fee is consistent with the market rate. The payment of such amount was not contingent upon our successful [**REDACTED**] or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [**REDACTED**]. The market projections in the Frost & Sullivan Report were based on the following key assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the Frost & Sullivan Report may be affected by the accuracy of the foregoing key assumptions, including those used to make future projections, are factual, correct and not misleading.

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.

PRINCIPAL REGULATORY AUTHORITIES

NMPA and Center for Drug Evaluation

The National Medical Products Administration (國家藥品監督管理局) (the "**NMPA**") (formerly known as the China Food and Drug Administration (國家食品藥品監督管理總局) (the "**CFDA**")) is the department in charge of the pharmaceutical industry of China. It is primarily responsible for supervision and management of safety of pharmaceuticals, medical devices and cosmetics, including drawing up the relevant laws and regulations; conducting standard management, registration management, quality management and post-market risk management for drugs, medical devices and cosmetics; and organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics etc. The Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心) (the "**CDE**") is the technical evaluation unit for drug registration with NMPA. It is primarily responsible for conducting technical evaluation on the drugs application for registration and verifying the relevant drug registrations.

NHC

The National Health Commission (國家衛生健康委員會) (the "**NHC**") (formerly known as the National Health and Family Planning Commission (國家衛生和計劃生育委員會)) (the "NHC") is the primary national regulator for national public health and medical system. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of the medical and health system, organizing the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practice of medical personnel.

NHSA

The National Healthcare Security Administration (國家醫療保障局) (the "**NHSA**"), a new authority established in May 2018, is directly under the State Council and responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; organizing the formulation of a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

Laws and Regulations on New Drugs

Research and development of new drugs

The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") in September 1984, last amended on August 26, 2019 and became effective on December 1, 2019, and the Regulations for Implementation 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**") promulgated by the State Council in August 2002 and last amended on January 16, 2026 and became

effective on January 20, 2025 (the latest version was published on January16, 2026 and will become effective on May 15, 2026), have laid down the legal framework for the establishment and maintenance of pharmaceutical manufacturing and trading enterprises, as well as for the administration of pharmaceutical products including the development and manufacturing of new drugs. The developer and clinical trial applicant of any new drug shall truthfully submit the new drug's manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and samples to the NMPA for approval before any clinical trial is conducted. The General Committee of China Communist Party and the General Office of the State Council jointly issued the Opinions on Deepening the Reform of Review and Approval System and Encouraging the Innovation of 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**") on October 2017.

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 Laboratory Practice for Non-Clinical Studies (《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 and became into effective on September 1, 2017. In April 2007, the CFDA issued the Administrative Measures for Certification of Good Laboratory Practice for Non-Clinical Laboratory Studies (《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 taking 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.

Animal Testing

According to the Regulation on the Administration of Laboratory Animals (《實驗動物管理條例》) issued by the State Scientific and Technological Commission on November 14, 1988 and last amended by the State Council on March 1, 2017, the Administrative Measures on Quality Management of Experimental Animals (《實驗動物質量管理辦法》) jointly issued by the State Scientific and Technological Commission and the State Bureau of Quality and Technical Supervision on December 11, 1997 and the Administrative Measures on the Licenses for Experimental Animals (Interim) (《實驗動物許可證管理辦法(試行)》) issued by the Ministry of Science and Technology and other regulatory authorities on December 5, 2001 and effective from January 1, 2002, using, breeding, providing, transporting experimental animals shall be subject to some rules and requirements, and performing experimentation on animals requires a Certificate for Use of Experimental Animals.

Application for clinical trial

According to The Decision on Adjusting the Approval Procedures of the Administrative Approval Items for Certain 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 CDE from May 1, 2017. According to the Provisions for Drug Registration (《藥品註冊管理辦法》) (the "**Circular 27**"), 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. In accordance with Circular 27 and the Announcement on Adjustment of Review and Approval Process of Drug Clinical Study (《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. According to the Announcement on Matters Related to Optimizing the Review and Approval of Clinical Trials for Innovative Drugs (《關於優化創新藥臨床試驗審評審批有關事項的公告》) promulgated by the NMPA on September 12, 2025, the NMPA shall complete the review and approval process for qualifying innovative drug clinical trial applications within 30 working days.

After obtaining the approval of the clinical trials from the NMPA, the applicant must complete the clinical trial registration at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Announcement 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 in September 2013.

Conduct of clinical trial

Clinical trials must be conducted in accordance with the Good Clinical Practice (《藥物臨床試驗質量管理規範》) promulgated by NMPA and NHC on April 23, 2020 and effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including preclinical 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 Announcement on Adjustment of Review and Approval Process of Drug Clinical Study (《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 a new drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for communication meetings to CDE to discuss with CDE the key technical questions including the design of 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 December 10, 2020, 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 Technical Guidance on Clinical Evaluation for Drug Marketing Authorisation Applications (《藥物上市申請臨牀評價技術指導原則》), issued by the National Medical Products Administration on 23 March 2026, and the Technical Guidance on Clinical Evaluation for Drug Clinical Trial Applications (《藥物臨牀試驗申請臨牀評價技術指導原則》), issued on 25 March 2026, set out common principles to be followed across different therapeutic areas when addressing unmet clinical needs, and provide specific guidance on key technical considerations for clinical evaluation during drug clinical trial applications.

According to the Announcement on Matters Concerning the Review and Approval Procedures for Drug Registration (《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 on May 17, 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.

New drug registration

Pursuant to Circular 27, 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 holders of any of the following drugs can apply for conditional approval of such drugs: (1) drugs which are used for the treatment of severe life-threatening diseases currently lacking effective treatment and the data of clinical trials can confirm their efficacy and forecast their clinical value; (2) drugs which are urgently needed for public health and the data of clinical trials can demonstrate their efficacy and forecast their clinical value; and (3) vaccines which are urgently needed to deal with major public health emergencies or other vaccines which the NHC deems to be urgently needed, the benefits of both of which are assessed to be outweigh the risk.

According to the Requirements for Registration Classification and Application Dossiers of Chemical Drugs (《化學藥品註冊分類及申報資料要求》) issued by the NMPA on June 29, 2020 with implementation of the Registration Classification of Chemical Drugs from July 1, 2020, the registration of chemical drugs is categorized into innovative drugs, improved new drugs, generic drugs, and chemical drugs marketed abroad only.

Marketing Authorization Holder Mechanism

Pursuant to the Drug Administration Law, China implements the marketing authorization holder mechanism for management of the drug industry. 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. 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.

Laws and Regulations on Gathering, Collection and Filing of Human Genetic Resources

Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the MOST on July 2, 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) promulgated by the MOST on August 24, 2015, the gathering and collection of human genetic resources though clinical trials by a foreign-invested sponsor shall be filed for record with the China Human Genetic Resources Management Office through an online system.

Pursuant to the Regulations on the Management of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》), last amended by the State Council on March 10, 2024 and came into effect on May 1, 2024, the State supports the rational use of human genetic resources for scientific research, development of the biomedical industry, improvement of diagnosis and treatment technology, improvement of China's ability to guarantee biosafety and improvement of the level of people's health. The Implementation Rules for the Regulation of Human Genetic Resources Administration (《人類遺傳資源管理條例實施細則》), which was promulgated by the MOST on May 26, 2023 and became effective on July 1, 2023, further provides specific requirements on the collection, preservation, utilization and external provision of China's human genetic resources.

The Biosecurity Law of the PRC (《中華人民共和國生物安全法》) (the "**Biosecurity Law**"), which was promulgated by SCNPC on October 17, 2020 and last amended on April 26, 2024, establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants, research, development, and application of biology technology, biosecurity management of pathogenic microbial laboratories, security management of human genetic resources and biological resources, countermeasures for microbial resistance, and prevention of bioterrorism and defending threats of biological weapons.

Laws and Regulations on the Manufacturing of Drugs

Drug Manufacturing Certificate

Pursuant to the Drug Administration Law and the Implementing Regulations, a drug manufacturer must obtain a Drug Manufacturing Certificate (藥品生產許可證) from the drug regulatory authority at provincial, autonomous regional or municipal level before it may start manufacturing drugs in the PRC. Each Drug Manufacturing Certificate is valid for a period of five years and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date.

Contract manufacturing of drugs

Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) (the "**Contract Manufacturing Regulations**") issued by the CFDA in August 2014, only when a drug manufacturer temporarily lacks manufacturing conditions due to technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, can such drug manufacturer entrust the manufacturing of the drug to another domestic drug manufacturer. The Provisions for the Supervision and Administration of Drug Manufacturing (《藥品生產監督管理辦法》) promulgated by the State Administration for Market Regulation on January 22, 2020 and effective on July 1, 2020 further implements the drug marketing authorization holder system as stipulated in the Drug Administration Law.

Drug Operation License

According to the Drug Administration Law, the Measures for the Supervision and Administration of Drug Quality in Operation and Usage (《藥品經營和使用質量監督管理辦法》), which was issued by the SAMR on September 27, 2023 and came into effect on January 1, 2024, whoever engages in the wholesale or retail of drugs shall be subject to the approval of the drug regulatory authority, obtain a Drug Operation License in accordance with the law. The drug marketing authorization holders may sell the drugs for which they have obtained a drug registration certificate on their own or entrust a drug operating enterprise with the sale of such drugs.

Laws and Regulations on Drug Supply

Drug Purchases by Hospitals

According to the Opinion on the Guidance of the Reform of the Urban Medical and Health Care System (《關於城鎮醫藥衛生體制改革的指導意見》) promulgated and took into effect on February 16, 2000 and the Opinion on the Implementation of Classification Management of Urban Medical Institutions (《關於城鎮醫療機構分類管理的實施意見》) promulgated on July 18, 2000 and became effective from September 1, 2000, a medical institution must be defined as a profit-making or non-profit-making institution at the time when it is established. The PRC government does not establish any profit-making medical institutions, while non-government entities may establish profit-making medical institutions.

According to the Notice on the Trial Implementation of the Centralized Drug Procurement by Medical Institutions (《關於印發醫療機構藥品集中招標採購試點工作若干規定的通知》) promulgated and became effective on July 7, 2000, the Notice on the Further Standardizing of the Centralized Drug Procurement by Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated and became effective on July 23, 2001 and the Opinions concerning Further Regulating Centralized Drug Procurement by Medical Institutions (《進一步規範醫療機構藥品集中採購工作的意見》) promulgated and took into effect on January 17, 2009, any non-profit-making medical institutions established and/or controlled by any government at a county level or above must implement the Centralized Drug Procurement system in respect of purchase of any drugs which are contained in the Medicines List for National Basic Medical Insurance and are generally used for clinical purposes and purchased in relatively large amounts.

The Circular on the Good Practice of Centralized Drug Procurement by Medical Institutions with respect to Centralized Procurement of Drugs (《醫療機構藥品集中採購工作規範》) promulgated and was effective on July 7, 2010, provides stipulations in detail in respect of the catalog for centralized procurement and methods, procedures, evaluators, expert database construction and management of drugs, further regulating the centralized drug procurement and clarifying the code of conduct on the part of purchasing parties.

According to the Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State (《國家組織藥品集中採購和使用試點方案》) issued by the General Office of the State Council on January 1, 2019, eleven pilot cities including Beijing, Tianjin, Shanghai, Chongqing, Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi'an, are selected to launch pilot programs of the centralized procurement and use of drugs under the organization of the State. According to the Implementation Opinions on Expanding the Regional Scope in the Pilot Program of Centralized Drug Procurement and Use Organized by the State (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) issued by the National Healthcare Security Administration and other departments on September 25, 2019, the regional scope in the pilot program of centralized procurement and use of drugs organized by the State is being expanded and the volume-based procurement model of the pilot program for conducting the centralized procurement and use of drugs organized by the State is being promoted throughout the country.

The Opinions of the General Office of the State Council on Promoting the Centralized Volume-based Procurement of Drugs in a Normalized and Institutionalized Manner (《國務院辦公廳關於推動藥品集中帶量採購工作常態化制度化開展的意見》), which was promulgated by the General Office of the State Council on January 22, 2021, set out the promotion of the normalization and institutionalization of the centralized procurement of drugs.

Drug Price Management

Pursuant to the Opinions on Promoting Drug Pricing Reform (《推進藥品價格改革的意見》), which was jointly promulgated by the authorities including the NDRC on May 4, 2015, from June 1, 2015, the original prices of the drugs formulated by the government will be canceled, except for narcotic drugs and Class I psychotropic drugs. The prices of narcotic drugs and Class I psychotropic drugs are still temporarily managed by the NDRC through the implementation of maximum factory prices and maximum retail prices. The drugs other than the narcotic drugs and Class I psychotropic drugs no longer adopted government-designated pricing.

The Several Opinions of the General Office of the State Council on Improving the Mechanism for the Formation of Drug Prices (《國務院辦公廳關於健全藥品價格形成機制的若干意見》), issued and implemented on March 30, 2026, has improved the market-driven mechanism for the formation of drug prices by refining pricing policies at key stages and strengthening the governance of drug pricing.

Two-invoice System

According to the Circular on Issuing the Implementing Opinions on Carrying out the Two-invoice System for Drug Procurement among Public Medical Institutions (Interim) (《印發《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)》的通知》) (the "**Circular**"), which was effective from December 26, 2016, the two-invoice system means one invoice between the pharmaceutical manufacturer and the pharmaceutical distributor, and one invoice between the pharmaceutical distributor and the hospital, and thereby only allows a single level of distributor for the sales of pharmaceutical products from the pharmaceutical manufacturer to the hospital. According to the Circular, the two-invoice system will be promoted in pilot provinces (autonomous regions and municipalities directly under the Central Government) involved in the comprehensive medical reform program and pilot cities for public hospital reform on a priority basis, while other regions are encouraged to implement such a system, so that such system can be promoted in full swing nationwide in 2018.

Laws and Regulations in Relation to Anti-money Laundering, Anti-corruption and Anti-bribery

Laws and Regulations in Relation to Anti-money Laundering

According to the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) (the "**Anti-money Laundering Law**") promulgated on November 8 2024 and effective from January 1 2025, financial institutions shall establish a sound internal control system for anti-money laundering in accordance with the provisions of the Anti-money Laundering Law. They shall also set up a special body or designate an internal body to take the lead to take charge of the anti-money laundering work. Entities and individuals in business relationships with financial institutions shall cooperate with the financial institution in conducting customer due diligence, including providing authentic and valid identity documents or other identity certificates, accurately and completely filling in identity information, and faithfully providing materials relating to transactions and funds. Where an entity or individual refuses to cooperate with the financial institution in taking reasonable measures for customer due diligence as required by the Anti-money Laundering Law, the financial institution may take money laundering risk management measures, such as limiting or refusing to handle business and terminating business relationship under the prescribed procedures, and submit a report on doubtful transactions in the light of the situation.

Laws and Regulations in Relation to Anti-corruption

According to the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), as last amended by the Standing Committee of the National People's Congress on 29 December 2023, the crime of job appropriation means that staff members of companies, enterprises, or other organizations who, by virtue of their position, unlawfully appropriate property belonging to their organization for their own benefit shall, where the amount involved is substantial, be sentenced to fixed-term imprisonment of not more than three years or criminal detention, and shall also be fined. Where the amount involved is huge, they shall be sentenced to fixed-term imprisonment of not less than three years but not more than ten years, and shall also be fined. Where the amount involved is exceptionally huge, they shall be sentenced to fixed-term imprisonment of not less than ten years or life imprisonment, and shall also be fined.

Laws and Regulations in Relation to Anti-bribery

The Interpretation (II) on Several Issues Concerning the Application of Law in Handling Criminal Cases of Embezzlement and Bribery (《關於辦理貪汙賄賂刑事案件適用法律若干問題的解釋(二)》) issued by the Supreme People's Court and the Supreme People's Procuratorate was released on April 10, 2026, and took effect on May 1, 2026, which primarily refines the criteria for determining corporate bribery and implicit bribery, standardizes sentencing guidelines for corruption in both public and private enterprises, improves rules regarding leniency for the return of ill-gotten gains and the full-chain recovery of assets involved in cases, unifies the judicial approach to adjudicating corruption and bribery cases, and cracks down rigorously on all forms of corruption.

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), as amended on 27 June 2025 and implemented on 15 October 2025, promulgated by the Standing Committee of the National People's Congress, operators shall not bribe the following entities or individuals by means of offering money or other benefits in order to seek out transactional opportunities or competitive advantages: (i) Staff members of the counterparty to the transaction; (ii) Entities or individuals entrusted by the counterparty to handle relevant affairs; and (iii) Entities or individuals who may influence transactions through their authority or influence. Pursuant to the Provisional Regulations on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) issued by the former State Administration for Industry

and Commerce on 15 November 1996, commercial bribery is defined as the offering of financial and material assets or other means by an operator to another organization or individual with the aim of influencing the sale or purchase of goods.

According to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the National Health and Family Planning Commission (currently the NHC) and came into effect on March 1, 2014, an enterprise engaged in the manufacturing or distribution of medicines, medical devices or medical consumables (or its agent) that offers any items of value or other benefits to the staff of a medical institution may be listed in the Adverse Records of Commercial Bribery ("**Adverse Records**") by the relevant government authorities. As a result, its products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies within the relevant provinces, and the scores of its products in the centralized procurement processes conducted by public medical institutions or medical and health institutions receiving financial subsidies in other provinces will be reduced. Where the relevant enterprise (or its agent) is listed in Adverse Records twice within a five-year period, its products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies across China for two years.

On April 28, 2026, the NMPA and six other departments jointly issued the Provisions for Medical Representatives (《醫藥代表管理辦法》), which took effect on August 1, 2026. These provisions regulate the academic promotion activities of medical representatives and further strengthen the management of medical representatives.

Regulations in relation to the Medical Insurance Program

Coverage of the national medical insurance program

The national medical insurance program was first adopted according to the Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarged the coverage of the basic medical insurance program. In addition, on January 3, 2016, the Opinions of the State Council on Consolidating the Basic Medical Insurance Systems of Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system.

Medical Insurance Catalogue

According to the Interim Measures for the Administration of Drugs Covered by Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) or the NRDL Administrative Measures, which promulgated by the NHSA, on July 30, 2020 and took effect on September 1, 2020, the scope of drugs covered by the basic medical insurance shall be administered through a reimbursement drug list.

The Medicines List for National Basic Medical Insurance, Maternity Insurance and Work-Related Injury Insurance (《國家基本醫療保險、生育保險和工傷保險藥品目錄》), or the National Reimbursement Drug List (the "**NRDL**"), which was promulgated by the NHSA and the Ministry of Human Resources and Social Security on December 7, 2025, sets forth the payment standard for pharmaceutical products under the basic medical insurance, maternity insurance funds and work-related injury insurance.

According to the NRDL Administrative Measures, a Provincial Reimbursement Drug List ("**PRDL**") must be made by the provincial healthcare security authorities. Patients purchasing List A drugs can directly obtain reimbursement under the basic medical insurance program. Patients purchasing List B drugs shall pay a certain percentage of the purchase price first and then obtain reimbursement under the basic medical insurance program.

National Essential Medicines List

On August 18, 2009, the MOH and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the National Essential Medicines List (Interim) (《國家基本藥物目錄管理辦法(暫行)》), which was amended to the Provisional Measures on the Administration of the National Essential Medicines List (《國家基本藥物目錄管理辦法》) on February 13, 2015, and the Guidelines on the Implementation of the National Essential Medicines List System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the National Essential Medicines List. The NHC promulgated the National Essential Medicines List (2026) (《國家基本藥物目錄(2026年版)》) (the "**National Essential Medicines List**") on June 23, 2026 which will take effect on September 1, 2026, replacing the National Essential Medicines List (2018) (《國家基本藥物目錄(2018年版)》). According to these regulations, basic healthcare institutions funded by the government shall store up and use drugs listed in the National Essential Medicines List. The drugs listed in the National Essential Medicines List shall be purchased by the National Volume-Based Procurement and shall be subject to the price control by the NHSA. Remedial drugs in the National Essential Medicines List are all listed in the Medical Insurance Catalogue and the entire amount of the purchase price of such drugs is entitled to reimbursement.

Laws and Regulations on Intellectual Property

In terms of international conventions, the PRC has entered into (including but not limited to) the Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識財產權協定》), the Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), the Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》) and the Patent Cooperation Treaty (《專利合作條約》).

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and became effective 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》), which were promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and became effective on January 20, 2024. The Patent Law of the PRC and its Implementation Rules provide for three types of patents, "invention", "utility model" and "design." 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, from the date of application.

Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993 and subsequently amended on November 4, 2017, April 23, 2019, June 27, 2025 and which will become effective on October 15, 2025, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, which was last amended on June 26, 2026 and will become effective on January 1, 2027, the period of validity for a registered trademark is 10 years, commencing from the date of registration.

Copyright

Copyright in the PRC is primarily protected by the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, and Implementation Regulations of the Copyright Law of 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 on January 30, 2013.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services in the PRC.

Laws and Regulations on Labor Protection and Social Insurance

General Labor Contracts Rules

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC in July 1994 and last amended and came into effect in December 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC in June 2007 and amended in December 2012 and came into effect in July 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect in September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees.

Labor, Social Insurance and Housing Provident Funds

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC in October 2010 and last amended and came into effect in December 2018, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council in January 1999 and last amended in March 2019, and the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council in April 1999 and last amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was promulgated by the Supreme People's Court in July 2025 and came into effect in September 2025, an employer and an employee conclude an agreement, or an employee promises to an employer, that there is no need to pay social insurance premiums, such agreement or promise shall be determined invalid; where an employer fails to pay social insurance premiums in accordance with the law, and the relevant employee requests to terminate the labor

contract and requests for the employer to pay economic compensation, the people's court shall support such requests in accordance with the law. Where an employer, after making up the social insurance contributions in accordance with the law under the circumstances stipulated in the preceding paragraph, requests the employee to return the social insurance compensation already paid, the people's court shall support such request in accordance with the law.

Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》) (the "**Prevention and Control of Occupational Diseases Law**"), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the "Prevention and Control of Occupational Diseases Law"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, the budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project.

Laws and Regulations on Leasing

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

According to the Civil Code of the PRC (《中華人民共和國民法典》), if the relevant parties fail to complete property leasing registration and filing formalities in accordance with the laws and regulations, the validity of the lease is not affected.

Laws and Regulations on Environmental Protection, Health and Safety

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**"), which was promulgated by the SCNPC on December 26, 1989 and last amended on October 24, 2023, came into effect on January 1, 2024, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC.

Environmental Impact Appraisal

According to the Regulations on Environmental Protection Management for Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》) (the "**Environmental Impact Appraisal Law**"), which was promulgated by the SCNPC on October 28, 2002, amended on July 2, 2016 and December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of the effect that may be exerted on the environment.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated and implemented by the former Ministry of Environmental Protection (now the MEE) on November 20, 2017, regulate the procedures and standards for environmental protection acceptance by construction entities upon the completion of construction projects.

Fire Prevention

According 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 with effect from April 29, 2021, design and construction of the fire control facilities for a construction work shall comply with the national fire control technical standards. The developer, designer, constructors and project supervisor of a construction project shall be responsible for the quality of the design and construction of the fire control facilities for the construction work according to the relevant laws.

Management of Pollutant Discharge

Pursuant to the Catalogue of Classified Management of Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment of the PRC and became effective on December 20, 2019, the State implements the primary management, simplified management and registration management of pollutant discharge permits based on the pollutant production, emission amount and the extent of environmental impact of the pollutant discharge entities.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, based on the quantity of pollutants generated and discharged, their impacts on the environment and other factors, categorical administration of the pollutant discharge permit system is implemented to regulate pollutant-discharging entities. The entities that generate and discharge relatively small quantities of pollutants and have a relatively small impact on the environment shall fill in the pollutant discharge registration form (排污登記表) and are no longer required to obtain a pollutant discharge permit (排污許可證).

Laws and Regulations on Foreign Investment

Company Law of the PRC

The Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**") which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, October 26, 2018, December 29, 2023 respectively and the latest revision of which was implemented on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign Investment

The Regulations of the State Council on Foreign Investment (《國務院關於對外投資的規定》) were promulgated on May 5, 2026, and took effect on July 1, 2026. The Regulations balance development and security, establishing a unified framework to regulate all types of foreign investment by domestic enterprises, organisations and individual residents. They also standardise

approval and filing procedures, as well as security review processes; implement penetrative supervision; and clarify that the Regulations apply mutatis mutandis to investments in Hong Kong, Macao and Taiwan. The Regulations also include measures to combat discrimination and counteract violations.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraged Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Catalogue**"), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), promulgated on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (國家發展和改革委員會) (the "**NDRC**") and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "**MOFCOM**"). The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged," "restricted," and "prohibited." Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, "permitted," unless specifically restricted by other PRC laws and regulations. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**"), promulgated by the National People's Congress (全國人民代表大會) (the "**NPC**") on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations for FIL**"), promulgated by the State Council on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management.

On December 30, 2019, the Ministry of Commerce and the SAMR, jointly promulgated the Measures for Reporting Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020. On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

Laws and Regulations on Overseas Investment

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) issued by the MOFCOM on March 16, 2009, and amended on September 6, 2014, and the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) issued by the NDRC on December 26, 2017, and effective from March 1, 2018, if an enterprise in the PRC intends to make outbound investments, it shall be subject to approval or filing for the project, report relevant information, and cooperate in the supervisory inspections.

Laws and Regulations on Foreign Exchange and Taxation

Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**"), which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) on February 13, 2015, which was partially abolished on December 30, 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局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, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of the State Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

On June 9, 2016, SAFE issued the Notice of 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 came into effect on the same day and was partially amended according to Notice of the State Administration of Foreign Exchange on Further Deepening Reforming 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》) promulgated by the SAFE on December 4, 2023. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties).

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020) and was partially amended according to Notice of the State Administration of Foreign Exchange on Further Deepening Reforming 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》) promulgated by the SAFE on December 4, 2023.

On September 15, 2025, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Matters Concerning Deepening the Reform of Foreign Exchange Administration for Cross-Border Investment and Financing (《國家外匯管理局關於深化跨境投融資外匯管理改革有關事宜的通知》).

Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**"), promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》) (the "**Implementation Rules**"), promulgated by the State Council on December 6, 2007, came into force on January 1, 2008 and were last amended on December 6, 2024, 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. 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 is obtained outside the PRC but has an actual connection with the set-up institutions or sites.

*Value-Added Tax (the "**VAT**")*

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》) amended in November 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Taxes (《中華人民共和國增值税暫行條例實施細則》) amended in October 2011, all entities or individuals engaged in the sale of goods, provision of processing, repair and maintenance services, or importation of goods within China shall be value-added tax taxpayers and subject to value-added tax in accordance with relevant laws and regulations. Through the value-added tax reform in China, value-added tax rates have undergone multiple adjustments and value-added tax are regulated by the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), which was implemented in January 2026.

Laws and Regulations on Information Security and Data

Privacy 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.

On December 28, 2021, the Cyberspace Administration of China (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》), which came into effect on February 15, 2022.

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 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 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.

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. 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》) promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, 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.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies

Securities Law of the PRC

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**") took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The latest revised Securities Law came into effect on March 1, 2020. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list their shares outside the PRC. Currently, the issuance and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Overseas Listing

On February 17, 2023, the CSRC promulgated 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 relevant supporting guidelines, which came into effect on March 31, 2023. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures. The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in mainland China. Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators.

Confidentiality and Archives Administration

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration jointly released the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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 Administration Provisions**"), which came into effect on March 31, 2023. According to the Archives Administration Provisions, the domestic companies shall establish and implement a solid confidentiality and archives administration system and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public in the overseas securities offering and listing activities of such domestic companies.

In terms of providing accounting archives or copies thereof to any other entities or persons (such as securities companies, securities services providers and overseas regulators), the Archives Administration Provisions stipulate that relevant governmental procedures should be complied with. Any violation of the above regulations may subject the domestic companies to regulatory penalties under the Law of the PRC on Guarding State Secrets (《中華人民共和國保守國家秘密法》) and the Archives Law of the PRC (《中華人民共和國檔案法》) and even criminal liabilities to the extent applicable.

OVERVIEW OF LAWS AND REGULATIONS IN THE U.S.

In the U.S., the FDA regulates drugs and biologics. The Federal Food, Drug, and Cosmetic Act, the Public Health Service Act and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post- approval monitoring and reporting, sampling, and import and export of biopharmaceutical drugs.

Approval Process

The FDA must approve any new drug or biologic before a manufacturer can market it in the U.S.. If a company does not comply with applicable U.S. requirements, it may be subject to a variety of administrative or judicial sanctions, such as FDA refuse to approve pending applications, warning or untitled letters, clinical holds, drug recalls, drug seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, and criminal prosecution. The procedures a company must undertake prior to marketing a drug or biologic include: completion of pre-clinical research studies according to international council for harmonization of technical requirements for pharmaceuticals for human use ("**ICH Guidelines**"). Key animal safety assessment studies should be performed in accordance with the FDA's good laboratory practice ("**GLP**") regulations; completion of drug substance, drug product and manufacturing process studies according to ICH guidelines as well as production of clinical products under current good manufacturing practices ("**cGMP**"); submission to the FDA of an investigational new drug ("**IND**") application for human clinical studies, which must be cleared by FDA before human clinical studies start. The sponsor should submit the development safety update report ("**DSUR**") annually while the IND is open; approval of the study by an independent institutional review board ("**IRB**") or ethics committee representing each clinical site before each clinical study starts; performance of adequate and well-quality controlled human clinical studies to establish the safety and efficacy of the drug for each indication to the FDA's satisfaction; maintain communication with the FDA at key stages of product development, seek opinions and guidance from the FDA; submission of a NDA or BLA to the FDA, including payment of a significant user fee; technical review of the application by the FDA, including potentially an external advisory committee; satisfactory completion of FDA inspection of clinical sites, sponsors and the manufacturing facility or facilities to assess compliance with GCP and cGMP requirements; and FDA review and approval of the NDA or BLA.

It generally takes companies many years to satisfy the FDA approval requirements, but this varies substantially based upon the type, complexity, and novelty of the product or disease. Pre-clinical studies include laboratory evaluation of a product's chemistry, formulation, and toxicity, as well as animal studies to assess the characteristics and potential safety and activity of the drug or biologic. The conduct of the pre-clinical studies should comply with federal regulations and requirements, and the key safety pre-clinical studies should be conducted in GLP laboratories. The company submits the IND application to the FDA, including pre-clinical study reports, CMC research documents, proposed clinical study protocol, along with other information. Long term pre-clinical studies, such as animal studies of reproductive toxicity and carcinogenicity, may continue after submitting the initial IND. The FDA usually takes 30 days for technical review after the IND application submission and issues a letter of study may proceed if no objection. After that, the clinical studies can be initiated in humans. The FDA may, within the 30-day time period, raise concerns or questions on the proposed clinical protocol and place the study on clinical hold. In such a case, the outstanding concerns must be resolved before clinical study initiation.

Clinical Studies

Clinical studies involve administering the investigational drug or biologic to healthy volunteers or patients under the supervision of a qualified investigator. The company must conduct clinical studies: (i) in compliance with federal regulations; (ii) in compliance with GCP, an international standard meant to protect the rights and health of patients and to define the roles of clinical study sponsors, administrators, and monitors; as well as (iii) under protocols detailing the objectives of the trial, the safety monitoring parameters, and the effectiveness criteria.

The company must submit each protocol involving patients and subsequent protocol amendments to the FDA as part of the IND application. The FDA may order the temporary or permanent discontinuation of a clinical study at any time, or impose other sanctions, if it believes that the sponsor is not conducting the clinical study in accordance with FDA requirements or presents an unacceptable risk to the clinical study patients. The sponsor must also submit the study protocol and informed consent information for patients in clinical studies to an IRB for approval. An IRB may halt the clinical study, either temporarily or permanently, for failure to comply with the IRB's requirements, or may impose other conditions.

A pivotal study is a clinical study that adequately meets regulatory agency requirements to evaluate a drug's efficacy and safety to justify the approval of the drug. Generally, pivotal studies are Phase III studies, but the FDA may accept results from Phase II studies if the study design provides a well-controlled and reliable assessment of clinical benefit, particularly in situations in which there is an unmet medical need and the results are sufficiently robust.

The FDA, the IRB, or the clinical study sponsor may suspend or terminate a clinical study at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Additionally, an independent group of qualified experts organized by the clinical study sponsor, known as a data and safety monitoring board, may oversee some clinical studies. This group provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study.

Submission of NDA or BLA and the FDA's Decision

After the required clinical studies are completed, the sponsor can prepare and submit the NDA or BLA to the FDA. The company can launch the drug or biologic in the U.S. only after the NDA or BLA is approved. The NDA or BLA must include all relevant data from pertinent pre-clinical and clinical studies, including negative or inconclusive results as well as positive findings. In addition, the application must include detailed information regarding the product's CMC development, and proposed labeling, among other relevant materials. Data can come from company-sponsored clinical

studies, or from a number of alternative sources. To support marketing authorization, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational drug to meet FDA's requirements.

The cost of NDA or BLA preparation and submission is substantial. The submission of most NDAs and BLAs are additionally subject to a substantial application user fee, and the manufacturer and/or sponsor under an approved NDA or BLA are also subject to annual program user fees. The FDA typically increases these fees annually. Orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical study costs, tax advantages, and user-fee waivers.

The FDA has 60 days from its receipt of an NDA or BLA to determine whether the application can be accepted based on the agency's threshold determination that the application is sufficiently complete to permit substantive review. Once the FDA accepts the filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of NDAs and BLAs. Under the Prescription Drug User Fee Act ("**PDUFA**"), the FDA has a goal of responding to standard review applications within ten months after the 60-day filing review period, but this timeframe is often extended. The FDA reviews most applications for priority review drugs and biologics within six to eight months. Priority review can be applied to products that the FDA determines offer major advances in treatment, or provide a treatment where no adequate therapy exists.

The FDA may also refer applications for novel products that present difficult questions of safety or efficacy to an advisory committee. This is typically a panel that includes clinicians and other experts that will review, evaluate, and recommend whether the FDA should approve the application. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving an NDA or BLA, the FDA typically inspects one or more clinical sites to ensure compliance with GCP, and inspects the GMP status of the drug production and manufacturing facilities or equipment. The FDA will not approve the drug or biologic unless compliance with cGMPs is satisfactory and the application contains data demonstrating that the drug is safe and effective for the proposed indication, and in the case of biologics, safe pure and potent for the proposed clinical indication.

After the FDA evaluates the NDA or BLA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter indicates that the FDA has completed its review of the application, and the agency has determined that it will not approve the application in its present form. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional clinical data and/or other significant, expensive, and time-consuming requirements related to clinical studies, pre- clinical studies and/or manufacturing. The FDA has committed to reviewing resubmissions of the NDA addressing such deficiencies in two or six months, depending on the type of information included. Even if such data is submitted, the FDA may ultimately decide that the application does not satisfy the criteria for approval. Also, the government may establish additional requirements, including those resulting from new legislation, or the FDA's policies may be changed, which could delay or prevent regulatory approval of new products under development.

An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. The FDA may require a risk evaluation and mitigation strategy ("**REMS**") to help ensure that the benefits of the drug or biologic outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for REMS can materially affect the potential market and profitability of the product. Moreover, the FDA may condition approval on substantial post-approval study and surveillance to monitor the product's safety or efficacy. Once granted, the FDA may withdraw approvals if the sponsor fails to comply with regulatory standards or identifies problems.

Changes to conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, can require submission and FDA approval of a new application or supplement before a company can implement the change. A supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing supplements as it does in reviewing NDAs and BLAs.

Post-approval Requirements

The FDA regulates products that are manufactured or distributed pursuant to FDA approvals and has specific requirements pertaining to recordkeeping, periodic reporting, sampling and distribution, advertising and promotion and reporting of adverse experience.

Manufacturers are subject to periodic or unannounced inspections by the FDA and relevant state agencies to ensure compliance with cGMP requirements. There are stringent regulatory controls governing modifications to the manufacturing process, and depending on the nature and impact of the change, prior FDA approval may be required before implementation. FDA regulations also require investigation and correction of any deviations from cGMP standards, and impose reporting and documentation requirements upon a company and any third-party manufacturers that it may use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMPs and other aspects of regulatory compliance.

The FDA may withdraw approval if a company does not comply with regulatory requirements and maintain standards or if problems occur after the product reaches the market. If a company or the FDA discovers previously unknown problems with a product, including adverse events of unanticipated severity or frequency, issues with manufacturing processes, or the company's failure to comply with regulatory requirements, the FDA may revise the approved labeling to add new safety information; impose post-marketing studies or other clinical studies to assess new safety risks; or impose distribution or other restrictions under a REMS program. Other potential consequences may include: (i) restrictions on the marketing or manufacturing of the product, complete withdrawal from the market or recalls; (ii) fines, warning letters or holds on post-approval clinical studies; (iii) refusal to approve pending applications or supplements, or suspending or revoking approvals; (iv) product seizure or detention, or refusal to permit the import or export of products; or (v) injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising, and promotion of drugs and biologics. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Violation of any of these laws and regulations could result in significant administrative, civil and criminal liability.

Orphan Drug Designation

The FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition that affects fewer than 200,000 individuals in the U.S., or if it affects more than 200,000 individuals in the U.S., there is no reasonable expectation that the cost of developing and making the drug for this type of disease or condition will be recovered from sales in the U.S. Orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical study costs, tax advantages, and user-fee waivers. In addition, if a drug receives FDA approval for the indication for which it has orphan drug designation, the drug may be entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the drug with orphan exclusivity.

Healthcare Reform

The United States and some foreign jurisdictions are considering or have enacted a number of reform proposals to change the healthcare system. There is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality or expanding access.

In addition, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several presidential executive orders, Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. For example, on July 4, 2025, the One Big Beautiful Bill Act (the "**OBBBA**"), was signed into law, which narrowed access to ACA marketplace exchange enrollment and declined to extend the ACA enhanced advanced premium tax credits that expired at the end of 2025, which, among other provisions in the law, are anticipated to reduce the number of Americans with health insurance. The OBBBA also is expected to reduce Medicaid spending and enrollment by implementing work requirements for some beneficiaries, capping state-directed payments, reducing federal funding, and limiting provider taxes used to fund the program. Congress is considering proposed legislation intended to further reduce healthcare costs with alternatives to replace the expired ACA subsidies. The IRA includes a provision requiring the Secretary of the United States Department of Health and Human Services ("**HHS**") to negotiate prices with drug companies for a small number of single-source brand-name drugs that have been on the market for at least 7 years or biologics that have been on the market for at least 11 years that are covered under Medicare (the "**Medicare Drug Price Negotiation Program**"). The number of drugs subject to price negotiation will be 10 Part D drugs for 2026, another 15 Part D drugs for 2027, another 15 Part D and Part B drugs for 2028, and another 20 Part D and Part B drugs for 2029 and later years. These drugs will be selected from among the 50 drugs with the highest total Medicare Part D spending and the 50 drugs with the highest total Medicare Part B spending. The law establishes an upper limit for the negotiated price for a given drug or biologic, and specifies factors the Secretary of HHS is required to consider when negotiating these upper pricing limits. The IRA also imposes rebates under Medicare Part B and Medicare Part D that penalize manufactures for price increases that outpace inflation. Further, on December 7, 2023, an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act was announced. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

OVERVIEW

Our history can be traced back to 2009 when the predecessor of the Company, Suzhou Zelgen Biopharmaceuticals Co. Ltd. (蘇州澤璟生物製藥有限公司), was established under the laws of the PRC.

In February 2019, the Company was converted into a joint stock limited company. In January 2020, our A Shares were listed on the Shanghai Stock Exchange STAR Market with the stock code of 688266. As of the Latest Practicable Date, the registered share capital of the Company was RMB264,708,186, comprising 264,708,186 A Shares of nominal value of RMB1.00 each.

OUR KEY MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2009	The predecessor of the Company, Suzhou Zelgen Biopharmaceuticals Co. Ltd. (蘇州澤璟生物製藥有限公司), was established.
2012	We obtained NMPA approval for the clinical trial of Zepsun®.
2016	We obtained NMPA approval for the clinical trials of Zepuping and Zepuning.
2017	We were granted the Drug Production License (藥品生產許可證).
2019	The Company was converted into a joint stock limited company.
2020	Our A Shares were listed on the Shanghai Stock Exchange STAR Market with the stock code of 688266.
2022	We obtained NRDL inclusion for Zepsun® for the first-line treatment of advanced HCC.
	We obtained marketing approval for the second indication of Zepsun®.
	We obtained NMPA and FDA approvals for the clinical trials of ZG005, ZGGS18 and other drug candidates.
2023	We successfully completed our private placement of A Shares.
	We entered into an exclusive marketing collaboration with Grand Life Sciences for Zepuning.
	We obtained NMPA and FDA approvals for the clinical trials of ZG006, ZG2001, ZGGS15 and ZG0895.
2024	We obtained NRDL inclusion for Zepsun® for the indication for thyroid cancer.
	We received NMPA acceptance of the BLA for Zesuning.
	We obtained FDA Orphan Drug Designation for ZG006 for the treatment of SCLC.
2025	We obtained NRDL inclusion for Zepuning.
	We received NMPA acceptance of the NDA for Zepuping for the treatment of severe alopecia areata.

Year	Milestone
	We entered into an exclusive marketing service agreement with Merck KGaA for Zesuning.
	We obtained FDA Orphan Drug Designation for ZG006 for the treatment of NEC.
	We received breakthrough therapy designations for ZG006 from the CDE for both indications of SCLC and NEC, and advanced the indication of SCLC into pivotal clinical trials.
	We received NMPA and FDA approvals for the clinical trial of ZGGS34.
	We entered into a collaboration and option to license agreement with AbbVie in relation to ZG006 exclusive licensing.
2026	We obtained marketing approval for Zesuning for postoperative diagnosis of thyroid cancer.
	We obtained NRDL inclusion for Zepuping for the treatment of myelofibrosis.
	We completed Phase III clinical trials of Zepuping for moderate to severe atopic dermatitis and ankylosing spondylitis.
	We obtained marketing approval for Zepuping for severe alopecia areata.
	We completed Phase III clinical trials of Zesuning for postoperative treatment of thyroid cancer.

OUR SUBSIDIARIES

As of the Latest Practicable Date, we held five subsidiaries.

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Registered capital/ total issued shares	Principal activities
Suzhou Zelgen Biosciences Co., Ltd. (蘇州澤璟生物技術有限公司) ("**Suzhou Zelgen**")	Kunshan, Jiangsu, PRC	December 28, 2009	100.00%	RMB1,000,000.00	Pharmaceutical R&D
Shanghai Zelgen Pharma-Tech Co., Ltd. (上海澤璟醫藥技術有限公司) ("**Shanghai Zelgen**")	Shanghai, PRC	December 13, 2013	100.00%	RMB10,000,000.00	Pharmaceutical R&D
Zelgen Pharmaceutical (Zhejiang) Co., Ltd. (澤璟製藥(浙江)有限公司) ("**Zhejiang Zelgen**")	Lishui, Zhejiang, PRC	January 4, 2021	100.00%	RMB5,000,000.00	Pharmaceutical R&D
Zelgen Holdings Limited (澤璟控股有限公司)	Hong Kong	August 10, 2018	100.00%	10,000	Investment holding
Gensun Biopharma Inc. ("**Gensun Biopharma**")[1] . . .	Delaware, USA	February 3, 2016	100.00%	5,888,838	Pharmaceutical R&D

(1) The subsidiary is in the process of deregistration. Up to the Latest Practicable Date, Gensun Biopharma had complied in all material respects with applicable laws and was not subject to any material non-compliance incidents. The increase in the Company's equity interest in Gensun Biopharma during the Track Record Period is based on the Company's continued confidence in its business prospects. As the Company's U.S. new drug R&D center focusing on innovative antibody drug development, Gensun Biopharma has supported the establishment of a globally competitive and differentiated antibody technology platform and product pipeline. The further acquisition of its minority interests strengthened the Company's management control, enhanced decision-making efficiency and operational alignment. Whereas the deregistration is carried out to consolidate the Group's research and development and regulatory functions at the Company level. As Gensun Biopharma previously primarily undertook R&D activities, its deregistration will enable the Company to centralize and better coordinate these resources at its headquarters, thereby enhancing overall R&D efficiency. As of the Latest Practicable Date, the Company has completed the integration and optimization of its macromolecular antibody technology platform. Our Directors are of the view that this deregistration would not have a material adverse effect on our business, financial conditions and results of operations. During the Track Record Period, Gensun Biopharma did not generate any revenue. As at December 31, 2023, 2024 and 2025 and as at June 30, 2026, the total assets of Gensun Biopharma accounted for approximately 4.42%, 3.94%, 0.37% and 0.21%, respectively, of the Group's total assets.

For further information about the Company's subsidiaries, please refer to Note 1 to the Accountants' Report in Appendix I to this document.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and early development of the Company

On March 18, 2009, the predecessor of the Company, Suzhou Zelgen Biopharmaceuticals Co. Ltd., was founded in Jiangsu Province by Dr. Sheng, Ms. Lu and Mr. Liu Su (劉溯), who comprised the initial management team of the Company. The Company's registered share capital upon establishment was US$147,000, held by Dr. Sheng, Ms. Lu and Mr. Liu Su as to 47%, 48% and 5%, respectively. Upon completing multiple rounds of capital increase and share transfer, the registered capital of our Company reached US$5,973,226 in December 2018.

Conversion into a Joint Stock Limited Company and Listing on the Shanghai Stock Exchange STAR Market

On February 27, 2019, the Company was converted from a limited liability company to a joint stock limited company, with a registered capital of RMB180,000,000.

On January 23, 2020, the Company completed the initial public offering and listing of A Shares on the STAR Market of the Shanghai Stock Exchange (stock code: 688266) (the "**A-share Offering**"). We offered a total of 60,000,000 A Shares under the A-share Offering. Upon the completion of the A-share Offering, the registered capital of the Company was increased to RMB240,000,000.

Private Placement in 2023

In April 2023, upon obtaining the approvals from the CSRC and our Shareholders, we completed a private placement of 24,489,795 A Shares to 11 investors at a price of RMB49.00 per A Share. The placement was conducted through a book-building process based on the quotations submitted by all valid subscribers. The issue price was no lower than 80% of the average trading price of our A Shares for the 20 trading days prior to the pricing date, and was therefore in compliance with the relevant pricing requirements of the Shanghai Stock Exchange. We raised net proceeds of approximately RMB1,181.9 million for R&D of new drugs. Upon completion of the placement, the total number of our issued shares increased from 240,000,000 to 264,489,795.

Capital Increase Due to the A-share Incentive Plan

To attract, retain and motivate the key employees of the Company, and to align the interests of the Company, the Shareholders and the key employees of the Company, the Company adopted the A-share Incentive Plan in April 2021 ("**2021 Share Incentive Plan**"), with effect from May 2021. As part of the arrangements in relation to the 2021 Share Incentive Plan, the Company completed a capital increase of 218,391 A Shares through the vesting of restricted A Shares in November 2023, resulting in an increase in our total issued Shares from 264,489,795 to 264,708,186. The 2021 Share Incentive Plan was completed in June 2024, and no further awards or vesting will be made thereunder.

CONCERT PARTY ARRANGEMENT

On April 12, 2019, Dr. Sheng, Ms. Lu, Guangzhou Jing'ao, Ningbo Ze'ao and Ningbo Jingchen entered into a concert party agreement (the "**Concert Party Agreement**"). The Concert Party Agreement was to formalise and reflect the long-standing alignment between Dr. Sheng and Ms. Lu in the management and decision-making of the Company. Guangzhou Jing'ao, Ningbo Ze'ao and Ningbo Jingchen ("**Employee Shareholding Platforms**") were included as technical arrangement solely because Dr. Sheng and Ms. Lu, as the respective general partners of those platforms, were able to exercise voting control over them.

On January 21, 2025, in order to optimize the management structure of the Employee Shareholding Platforms and to retain and motivate key management and administrative personnel by entrusting them with responsibilities in the Employee Shareholding Platforms, Dr. Sheng and Ms. Lu ceased to act as the general partner of the Employee Shareholding Platforms. As a result, on January 23, 2025, Dr. Sheng and Ms. Lu renewed the Concert Party Agreement (the "**Renewed Concert Party Agreement**"), pursuant to which Ms. Lu has remained and will continue to act in concert with Dr. Sheng in respect of matters at shareholders' general meetings and board meetings of the Company. By virtue of the Concert Party Agreement and the Renewed Concert Party Agreement, Dr. Sheng and Ms. Lu directly controlled an aggregate of 62,268,264 Shares, representing approximately 23.52% of the voting rights in the Company as at the Latest Practicable Date. The Renewed Concert Party Agreement was further renewed on January 23, 2026 upon its expiry, on the same terms and conditions, which shall remain valid for 12 months and be further renewed after both parties' negotiation before expiry.

MATERIAL ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, disposals and mergers.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since the Company's listing on the STAR Market of the Shanghai Stock Exchange in 2020 and up to the Latest Practicable Date, we had not received any notice from the Shanghai Stock Exchange alleging any non-compliance incidents on the part of the Company or our subsidiaries, and we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange.

Our PRC Legal Adviser is of the view that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by CSRC or the Shanghai Stock Exchange.

Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respects.

The Company seeks to be [**REDACTED**] on the Stock Exchange in order to further advance our international strategy, allow better access to the international capital market, enhance our capabilities to attract more overseas [**REDACTED**] and optimize our international brand image, which in turn may further enhance our overall competitiveness.

PUBLIC FLOAT

Our A Shares are listed on the Shanghai Stock Exchange. Immediately following the completion of the [**REDACTED**], the total [**REDACTED**] of the H Shares to be held by the public is expected to be above HK$[**REDACTED**], calculated on the low-end of an [**REDACTED**], which is higher than the prescribed expected market value of H Shares required to be held in public hands of not less than HK$3,000,000,000 under Rule 19A.13A(2)(b) of the Listing Rules, thereby satisfying Rule 19A.13A of the Listing Rules. Based on an [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per H Share, being the low-end, mid-point and high-end of the [**REDACTED**] respectively, the minimum prescribed public float percentage under Rule 19A.13A(2)(b) of the Listing Rules would be approximately [**REDACTED**]%, [**REDACTED**]% or [**REDACTED**]%, being the percentage derived by dividing HK$3,000,000,000 by the total market value of the Company's total issued shares at the time of [**REDACTED**]. On the basis of the current shareholding structure, none of the H Shares is expected to be held by our core connected person, and the [**REDACTED**] H Shares to be issued under the [**REDACTED**] representing approximately [**REDACTED**]% of our total issued share capital immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) will be counted towards public float, which is higher than the minimum prescribed public float percentage under Rule 19A.13A(2)(b) of the Listing Rules.

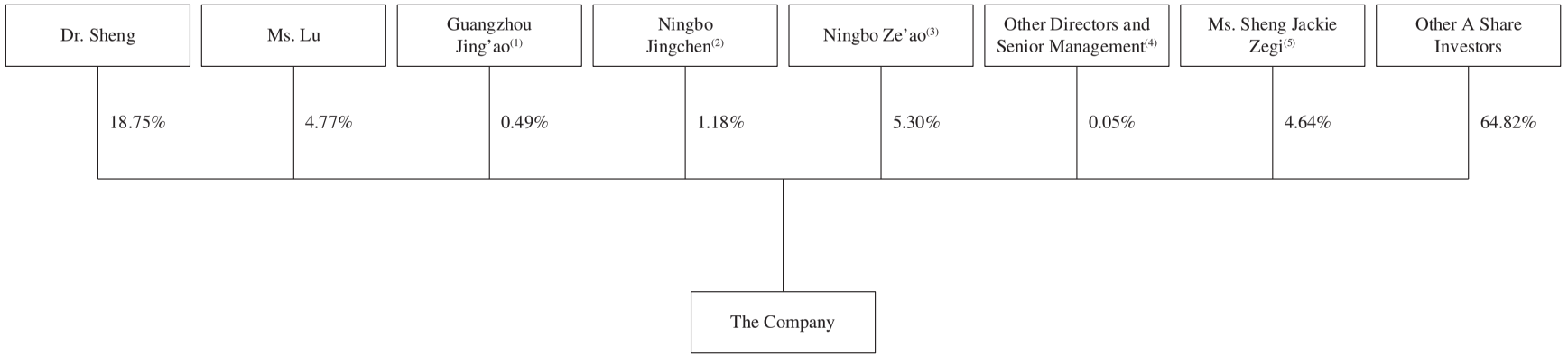
FREE FLOAT

Under Rule 19A.13C of the Listing Rules, a PRC issuer with other listed shares at the time of listing must ensure that the portion of H shares for which listing is sought that are held by the public and that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000, or (b) have an expected market capitalization of not less than HK$600,000,000.

It is expected that immediately following completion of the [**REDACTED**], the market [**REDACTED**] of the H Shares [**REDACTED**] on the Stock Exchange that are held by the public and are not subject to any disposal restrictions at the time of the [**REDACTED**] is not less than HK$600 million (based on the bottom end of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised). Accordingly, the Company will be able to satisfy the requirements under Rule 19A.13C of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

The following chart illustrates a simplified shareholding structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]):



(1) As of the Latest Practicable Date, Guangzhou Jing'ao was managed by its general partner, Dr. Lyu Binhua, one of our executive Directors. Guangzhou Jing'ao has three limited partners, with Mr. Wu Jisheng, Ms. Gao Qingping and Dr. Sheng, each Director or member of senior management, holding approximately 55.07%, 19.26% and 6.42% of the partnership interest, respectively;

(2) As of the Latest Practicable Date, Ningbo Jingchen was managed by its general partner, Mr. Lin Long (林瓏), an administrative manager of the Company. Ningbo Jingchen has 47 limited partners, among which Ms. Gao Qingping, Mr. Zhang Junchao and Ms. Lu, each a Director or member of senior management, holding approximately 32.29%, 2.16% and 0.10% of the partnership interest, respectively. Among the remaining limited partners, Ding Wei (丁偉), a current employee of the Company, holds approximately 31.10% of the partnership interest therein and save as disclosed above, none of the limited partners of Ningbo Jingchen is interested in 30% or more of the partnership interest therein. The remaining limited partners of Ningbo Jingchen were key employees of the Group at the time of the incentive allocation, including core personnel in R&D, clinical and administrative roles, each being an Independent Third Party;

(3) As of the Latest Practicable Date, Ningbo Ze'ao was managed by its general partner, Ms. Gao Qingping, a member of our senior management. Ningbo Ze'ao has 11 limited partners, among which Dr. Lyu Binhua, Ms. Lu, Mr. Huang Gang and Mr. Yi Bihui, each a Director or member of senior management, holding approximately 22.40%, 8.94%, 5.44% and 0.51% of the partnership interest, respectively. None of the limited partners of Ningbo Ze'ao is interested in 30% or more of the partnership interest therein. The remaining limited partners of Ningbo Ze'ao were key employees of the Group at the time of the incentive allocation, including core personnel in R&D, clinical and administrative roles, each being an Independent Third Party;

(4) Dr. Lyu Binhua is an executive Director, executive vice president, deputy general manager and chief scientific officer, and directly held 35,350 A Shares as of the Latest Practicable Date; Mr. Zhang Junchao is a non-executive Director, and directly held 736 A Shares as of the Latest Practicable Date; Ms. Gao Qingping is a deputy general manager and the secretary to the Board, and directly held 34,350 A Shares as of the Latest Practicable Date; Mr. Wu Jisheng is a deputy general manager and chief medical officer, and directly held 33,784 A Shares as of the Latest Practicable Date; Mr. Huang Gang is a deputy general manager and financial controller, and held 24,300 A Shares as of the Latest Practicable Date;

(5) Ms. Sheng Jackie Zegi (盛澤琪) is the sister of Dr. Sheng, and held 12,292,164 A Shares as of the Latest Practicable Date.

The following chart illustrates a simplified shareholding structure of our Group immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share [**REDACTED**] of the Company between the Latest Practicable Date and the [**REDACTED**]):

(1)-(5) Please refer to the respective notes to the corporate structure chart immediately prior to the completion of the [**REDACTED**] as set out above.

(6) All H Shares to be [**REDACTED**] by the [**REDACTED**] taking part in the [**REDACTED**] will be counted towards public float.

OVERVIEW

We are an integrated biopharmaceutical company dedicated to the discovery, development, and commercialization of innovative small-molecule and biologic therapies, with a strategic focus on oncology, autoimmune diseases, and hemostasis/hematology. Since our inception in 2009, we have developed comprehensive capabilities across discovery, development, manufacturing, and commercialization, which have enabled us to build a diversified, multi-layered pipeline and achieve proven commercialization success.

Our business is powered by a dual innovation engine, combining two proprietary technology platforms: a small-molecule drug R&D platform, and a bispecific/trispecific antibody and complex recombinant protein R&D platform. Together, they have empowered us to build a diversified pipeline, including multiple candidates in different therapeutic areas progressing toward clinical and registrational milestones. By advancing both small-molecule and biologic therapies in parallel and supported by our end-to-end business model, we aim to become a biopharmaceutical company with broad market focus, delivering sustainable growth through continuous innovation.

Our product portfolio and pipeline encompass commercialized drugs, late-stage clinical candidates and early-stage discovery programs positioned at the forefront of innovation. As of the Latest Practicable Date, we had four commercialized drugs: Zepsun® 澤普生® (Donafenib Tosilate Tablets), the first domestically-developed small-molecule multi-targeted drug in China for the first-line treatment of advanced HCC; Zepuping 澤普平® (Gecacitinib Hydrochloride Tablets), the first domestically-developed innovative JAK inhibitor in China for the treatment of myelofibrosis; Zepuning 澤普凝® (Recombinant Human Thrombin), the only recombinant human thrombin developed with recombinant DNA technology and successfully commercialized in China; and Zesuning 澤速寧® (Human Thyrotropin beta for Injection), the only recombinant human thyrotropin approved in China for diagnostic use in postoperative follow-up of differentiated thyroid cancer patients for radioactive iodine whole-body imaging and serum thyroglobulin monitoring. Collectively, our commercialized drugs provide us with strong and sustainable cash flow.

Our strategically-tiered pipeline of drug candidates comprises 10 drug candidates across 29 key clinical programs (including Gecacitinib Hydrochloride Tablet and its clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection and its clinical programs for postoperative treatment of thyroid cancer), as of the Latest Practicable Date. Among them, there are four drug candidates with eight indications already at the stage of BLA/NDA or pivotal/Phase III registration trials, including Gecacitinib Hydrochloride Tablet, which is at the stage of NDA for ankylosing spondylitis and atopic dermatitis, broadening its indications in the field of autoimmune diseases, and Human Thyrotropin beta for Injection, which is at the stage of BLA for postoperative treatment of thyroid cancer. We continue to invest in new targets and breakthrough technologies, with priority programs such as ZG006 (Alveltamig), the world's first trispecific antibody targeting DLL3/DLL3/CD3, and ZG005 (Nilvanstomig), a PD-1/TIGIT bispecific antibody that ranks as one of the most advanced programs globally. Specifically in oncology, we are developing innovative combination regimens that leverage synergistic strengths of our product portfolio and pipeline, with a focused strategy to address the global unmet needs in refractory and relapsed cancers, including overcoming PD-1 resistance through combination regimens such as ZG005 + ZGGS18 and ZG005 + Zepuping. Each of our key assets including ZG006 and ZG005 provides a strong value foundation for global business development and partnership opportunities. Further, we are also building a portfolio of frontier early-stage programs, including ZGGS18, ZGGS34, ZGGS15, ZG2001, ZG0895, and ZG2273, spanning T-cell engagers, bispecific and multispecific antibodies, and small-molecule therapies designed to address traditionally "undruggable" targets. These programs highlight our accumulated technical expertise and our ability to translate sustained scientific investment into breakthrough innovation.

With an expanding pipeline and late-stage programs, we are well positioned for future commercial growth. We remain committed to developing innovative drugs with global intellectual property rights that are safe, effective, and affordable, aiming to address significant unmet clinical needs in China and globally.

Our Pipeline

The following chart summarizes the development status of our commercialized products and key drug candidates as of the Latest Practicable Date.

Drugs/ Drug Candidates	Drug Target	Drug Type	Indications	Clinical Trials: Preclinical	Clinical Trials: IND	Clinical Trials: Phase I	Clinical Trials: Phase II	Clinical Trials: Phase III	Clinical Trials: NDA/ BLA	Clinical Trials: Launched	Source	Commercialization Rights
★ Zepsun® 澤普生® (Donafenib Tosilate Tablets)	Raf, MEK, ERK, VEGFR, PDGFR	Small-molecule targeted drug	Advanced HCC								Self-developed	Global
			Radioiodine-refractory differentiated thyroid cancer									
★ Zepuning 澤普凝® (Recombinant Human Thrombin)	Thrombin	Recombinant protein	Hemostasis								Self-developed	Global
★ Zepuping 澤普平® (Gecacitinib Hydrochloride Tablets)	JAK	Small-molecule targeted drug	Myelofibrosis								Self-developed	Global
			Severe alopecia areata									
			Moderate-to-severe atopic dermatitis									
			Ankylosing spondylitis									
★ Zesuning 澤速寧® (Human Thyrotropin beta for Injection)	TSH	Recombinant protein	Postoperative diagnosis of thyroid cancer								Self-developed	Global
			Postoperative treatment of thyroid cancer									
ZG006 (Alveltamig)	CD3/DLL3/DLL3	Trispecific T cell engager	Extensive-stage SCLC (3rd-line and above)								Self-developed	Chinese Mainland, Hong Kong and Macau (AbbVie holds rights in other regions)
			Extensive-stage SCLC (2nd-line)									
			Extensive-stage SCLC (1st-line)									
			NEC									
			Extensive-stage SCLC									
ZG005 (Nilvanstomig)	PD-1/TIGIT	Bispecific antibody	HCC								Self-developed	Global
			NEC									
			Cervical cancer									
			Biliary tract cancer									
			Other advanced solid tumors									
			Advanced solid tumors									
ZGGS18	VEGF/TGF-β	Bifunctional fusion protein	Advanced solid tumors including NSCLC								Self-developed	Global
			Advanced solid tumors									
ZGGS34	MUC17/CD3/CD28	Trispecific T cell engager	Advanced solid tumors including gastric cancer and pancreatic cancer								Self-developed	Global
			Advanced solid tumors									
ZGGS15	LAG-3/TIGIT	Bispecific antibody	Advanced solid tumors								Self-developed	Global
ZG2001	Pan-KRAS	Small-molecule targeted drug	Advanced solid tumors with KRAS mutation								Self-developed	Global
ZG0895	TLR8	Small-molecule targeted drug	Advanced solid tumors								Self-developed	Global
ZG2273	Pan-RAS	Small-molecule targeted drug	Advanced solid tumors with RAS mutation								Self-developed	Global

Note: CD28 = cluster of differentiation 28; CD3 = cluster of differentiation 3; DLL3 = delta-like ligand 3; ERK = extracellular signal-regulated kinase; HCC = hepatocellular carcinoma; JAK = Janus Kinase; KRAS = Kirsten rat sarcoma viral oncogene homologue; LAG-3 = lymphocyte-activation gene 3; MEK = MAPK/ERK Kinase; MUC17 = Mucin 17; NEC = neuroendocrine carcinoma; NSCLC = non-small cell lung cancer; PD-1 = programmed death protein 1; PDGFR = platelet-derived growth factor receptors; RAS = rat sarcoma; SCLC = small-cell lung cancer; TGF -β = transforming growth factor beta; TIGIT = T-cell immunoreceptor with Ig and ITIM domains; TLR8 = Toll-like receptor 8; TSH = thyroid-stimulating hormone; VEGF = vascular endothelial growth factor; VEGFR = vascular endothelial growth factor receptor.

★ Commercialized drugs China Global

A Mature and Innovative Portfolio of Commercialized Drugs

Since our inception, we have committed to innovation and continuously advanced our novel drug development. Through years of dedicated research in discovery, rapid clinical development and manufacturing improvement, we have built a mature portfolio of four commercialized innovative drugs, establishing a robust product portfolio and a continuous cash flow stream. This validated commercialization capability provides us with consistent momentum for business growth and lays a strong foundation for future market expansion and ongoing innovation. Our commercialized drugs include the following:

Zepsun® 澤普生® (Donafenib Tosilate Tablets). Zepsun® is the first domestically-developed small-molecule multi-targeted drug approved in China in June 2021 for the first-line treatment of advanced HCC, based on the improved survival outcome in a Phase III clinical trial. Moreover, Zepsun® is the only monotherapy that has demonstrated superior survival outcome over sorafenib in a head-to-head clinical trial for advanced liver cancer. In August 2022, Zepsun® was subsequently approved for progressive, locally-advanced or metastatic radioactive iodine-refractory differentiated thyroid cancer. Both indications have been included in the NRDL, which has supported the steady sales growth since launching. With its improved efficacy and overall favorable safety profile, it has been recommended as a first-line therapy in 32 national treatment guidelines and consensus statements for liver and thyroid cancers as of the Latest Practicable Date. We have been continuously expanding the hospital and pharmacy coverage of Zepsun®, laying a strong foundation for sustained sales growth.

Zepuping 澤普平® (Gecacitinib Hydrochloride Tablets). Zepuping is the first domestically-developed JAK inhibitor approved in China for the treatment of myelofibrosis. Approved in May 2025 for myelofibrosis, Zepuping is characterized by its distinct mechanism of action by targeting both JAK and ACVR1, thereby significantly improving its efficacy and safety. It has been recommended in the *2026 CSCO Guidelines for Malignant Hematologic Diseases* as (i) a Grade I recommendation for the first-line treatment of primary myelofibrosis, (ii) a first-line treatment for patients with myelofibrosis-related anemia accompanied by symptomatic splenomegaly or systemic symptoms, and (iii) the preferred treatment (Grade II recommendation) for second-line treatment and patients with disease progression. It has also been recommended in the *Guiding Principles for Clinical Application of Gecacitinib in Treatment of Myelofibrosis* by the Leukemia Expert Committee of CSCO in 2025 and the *Guidelines for the Diagnosis and Treatment of 86 Rare Diseases* by the National Health Commission of the PRC in 2025. In December 2025, Zepuping was approved for inclusion in the NRDL for the treatment of myelofibrosis with effective date on January 1, 2026. Gecacitinib Hydrochloride Tablet is also under active clinical development in multiple autoimmune indications with great market potential. In June 2026, its indication for severe alopecia areata received commercialization approval, making it one of the most advanced domestic JAK inhibitors in this field. In addition, the Phase III clinical trials for ankylosing spondylitis and moderate to severe atopic dermatitis have been completed and is currently undergoing NDA, with both indications representing potential significant market opportunities.

Zepuning 澤普凝® (Recombinant Human Thrombin). As of the Last Practicable Date, Zepuning is the only recombinant human thrombin developed with recombinant DNA technology and successfully commercialized in China. It has been recommended in the *Chinese Expert Consensus on Hemostasis in Hip and Knee Arthroplasty* by the Joint Surgery Group of the Orthopaedic Society of the Chinese Medical Association in 2025 and the *Guideline for Perioperative Blood Management in Adult Abdominal Surgery* by the Chinese Society of Surgery of Chinese Medical Association and Chinese Society of Anesthesiology of Chinese Medical Association in 2026. Approved in January 2024 for commercialization and included in the NRDL in January 2025, Zepuning has quickly gained traction through professional promotion partnership. We have partnered with Grand Life Sciences specializing in hemostasis and perioperative care, to accelerate the market uptake of Zepuning, which has achieved positive sales growth since its commercialization.

Zesuning 澤速寧® (Human Thyrotropin beta for Injection). Approved for commercialization in January 2026, Zesuning fills a major gap in the thyroid cancer postoperative diagnosis market in China. As of the Last Practicable Date, it is the only recombinant human thyrotropin approved in China for diagnostic use in postoperative follow-up of differentiated thyroid cancer patients for radioactive iodine whole-body imaging and serum thyroglobulin monitoring. This reflects a substantial unmet clinical need in the domestic market. It has also been recommended in the *Chinese Management Guidelines for Radioactive Iodine-refractory Differentiated Thyroid Cancer* by Chinese Society of Nuclear Medicine in 2025. We have entered into exclusive commercialization collaboration with ATSA, a Swiss subsidiary of Merck, a major international pharmaceutical company headquartered in Germany, providing a strong foundation for rapid uptake upon commercialization. Its indication for the postoperative treatment of thyroid cancer has also completed Phase III clinical trials and is currently undergoing BLA.

Our Differentiated Pipeline: Innovative Candidates across Therapeutic Areas

Leveraging our two advanced technology platforms, we have established a differentiated pipeline that spans all stages of clinical development, with strong potential to deliver innovative therapies and establish a robust portfolio of innovative drugs. In oncology, we have systematically advanced both small-molecule and biologic drugs across diverse mechanisms of action through our technology platforms, creating therapies with monotherapy potential as well as opportunities for combination regimens that lay a solid foundation for the next generation of cancer treatment. Our key drug candidates include the following:

ZG006 (Alveltamig). A trispecific T-cell engager targeting two distinct DLL3 epitopes and CD3, ZG006 is the first DLL3-targeted trispecific antibody (DLL3/DLL3/CD3) in the world. ZG006 represents a breakthrough in design by combining "dual DLL3 + CD3" targeting. This mechanism addresses the urgent need for effective therapies in hard-to-treat cancers such as SCLC and NEC, with the potential to fill a critical clinical gap and deliver meaningful clinical benefit to patients. Its key clinical programs include indications for extensive-stage SCLC, 3rd-line and above as well as 2nd-line, and NEC. ZG006 has received the breakthrough therapy designation by the Center for Drug Evaluation of the NMPA for relapsed or progressive advanced SCLC and DLL3-positive NEC. In addition, the FDA has granted ZG006 orphan drug designations for the treatment of SCLC and NEC. In its completed clinical trials, ZG006 demonstrated robust efficacy and favorable safety results. On December 30, 2025, to accelerate the global development of ZG006, we entered into a collaboration and option to license agreement with AbbVie, pursuant to which we granted AbbVie an exclusive option to obtain an exclusive license to develop, manufacture, commercialize, or exploit ZG006 and any product containing ZG006 worldwide outside Chinese Mainland, Hong Kong, and Macau.

ZG005 (Nilvanstomig). A recombinant humanized bispecific antibody targeting PD-1/TIGIT, ZG005 represents a new generation of immunomodulators with dual blockade of PD-1 and TIGIT. As one of the front runners in this class with the same target, ZG005 is advancing its leading position in clinical development worldwide. As of the Last Practicable Date, no drug with this mechanism has been approved globally, highlighting its novel design and potential to address significant unmet medical needs. Given the limited response rates and resistance associated with PD-1 monotherapy, ZG005 has the potential to become the next generation of immune-oncology therapies, offering significant market opportunity. ZG005 has demonstrated promising efficacy and safety results in Phase I/II trials completed, and is currently advancing through Phase III clinical trials for HCC and NEC. Beyond monotherapy, ZG005 offers broad potential in combination with our large-molecule targeted therapies. For example, ZGGS18, which modulates the tumor microenvironment, can be paired with ZG005 to enhance tumor-killing activity. A clinical trial application for this combination therapy has already been approved by the FDA and NMPA.

Other Pipeline Candidates. Building on our core technology platforms, we are advancing our oncology research across multiple dimensions, including tumor immunity, tumor microenvironment, tumor growth, resistance mechanisms and gene mutations. We continue to expand our pipeline of innovative candidates, including: ZGGS18, a bifunctional fusion protein targeting VEGF/TGF-β; ZGGS34, a trispecific T-cell engager antibody targeting CD3/CD28/MUC17; ZGGS15, a bispecific LAG-3/TIGIT antibody; ZG2001, a novel oral pan-KRAS mutation inhibitor; ZG0895, a highly active and selective TLR8 agonist; and one preclinical candidates, a novel pan-RAS inhibitor. Among these, ZGGS18, ZGGS15, ZG2001, and ZG0895 have successfully completed Phase I dose-escalation clinical trials in China, while ZGGS34 has advanced into a Phase I clinical trial in China and ZGGS18, ZGGS15, ZG2001, ZG0895 and ZGGS34 have all obtained IND approvals in the United States. Collectively, these drug candidates are expected to emerge as breakthrough therapies for solid tumors, with strong potential for combination use and attractive commercialization prospects.

Our Market Opportunities

Our pipeline encompasses innovative small-molecule targeted drugs and biologic oncology drugs, while also extending into non-oncology areas such as autoimmune diseases as well as hemostasis and hematology to address multiple markets with significant unmet clinical needs. Cancer remains a leading cause of death worldwide and constitutes a particularly significant unmet medical need with China accounting for 23.4% of global new cancer cases in 2025, while the overall five-year relative survival rate for all cancers among patients diagnosed from 2019 to 2021 in China was at 43.7%, lagging behind that of all cancers among patients diagnosed from 2015 to 2021 in the United States at 70.0%. Against this backdrop, China's oncology drug market is experiencing strong growth, expected to expand from RMB279.1 billion in 2025 to RMB504.0 billion in 2030 and RMB980.0 billion in 2035, while the global market is projected to grow from US$278.2 billion in 2025 to US$683.0 billion in 2035, according to Frost & Sullivan.

Beyond oncology, the autoimmune disease market in China is entering rapid expansion, projected to grow from RMB38.0 billion in 2025 to RMB313.4 billion in 2035, driven by improved diagnostics, innovative therapies, and supportive reimbursement policies, while globally this market is expected to reach US$272.8 billion by 2035, accordingly to Frost & Sullivan. In hemostasis, rising surgical volumes are fueling demand for topical agents, with China's market forecast to grow from RMB9.9 billion in 2025 to RMB18.9 billion in 2035 according to Frost & Sullivan. Together, these therapeutic areas provide significant opportunities for innovation and commercialization, reinforcing our strategy to deliver solutions across oncology and beyond.

Our Technology Platforms

Our two proprietary technology platforms underscore our commitment to advancing in next-generation therapies and demonstrate pivotal achievements, marking the advancement of our multispecific antibody research into the realization phase. Through our small-molecule drug R&D platform, we have introduced several commercialized drugs and promising candidates with strong clinical and commercial potential, including Zepsun®, Zepuping, ZG2001, ZG0895 and ZG2273. In parallel, through our bispecific/trispecific antibody and complex recombinant protein R&D platform, we have pioneered technically challenging innovations, such as Zepuning, Zesuning and built a patent-protected pipeline of bispecific/trispecific antibodies, including ZG006, ZG005, ZGGS18, ZGGS34 and ZGGS15.

Our Financial Performance and Sustainable Growth

We have achieved strong revenue growth driven by the commercialization of our innovative drugs and the expansion of our drug portfolio. Our commercialized drugs, Zepsun®, Zepuping, Zepuning and Zesuning, form a stable foundation of recurring revenue. During the Track Record Period, our revenue demonstrated robust growth from RMB383.6 million in 2023 to RMB531.5 million in 2024, to RMB810.2 million in 2025, and further to RMB1,204.4 million for the six months

ended June 30, 2026. We recorded net losses of RMB295.1 million, RMB150.3 million and RMB165.1 million in 2023, 2024 and 2025, respectively, and for the first time recorded net profit of RMB640.0 million in the six months ended June 30, 2026, primarily attributable to the upfront payment we received in accordance with the AbbVie Agreement. Our net profit for six months ended June 30, 2026 may not be sustainable in the near future, due to the one-off nature of the upfront payment from AbbVie and uncertainties regarding the timing and amounts of subsequent milestone payments. Furthermore, Zepsun® and Zepuning still require continued investment in market development, Zepuping and Zesuning only recently been commercialized and remains in the market access stage, and other candidates are still in the registrational or development phases requiring significant investment. Looking ahead, we expect to broaden and strengthen our revenue through continued ramp-up of our recently commercialized product Zesuning and Zepuping's recently approved indication for severe alopecia areata, broader NRDL coverage of three of our commercialized products, anticipated commercialization of our late-stage candidates and expansion into new indications with our pipeline products, collectively supporting a path toward sustainable profitability. Underpinned by an integrated manufacturing system, nationwide marketing team, and strategic partnerships, we combine efficient commercialization with disciplined cost management, creating a resilient financial foundation to sustain R&D investment, international expansion, and long-term competitiveness.

OUR STRENGTHS

A Robust, Differentiated Pipeline Driving Expansive Market Opportunities and Enduring Competitive Advantages

Anchored in diversified therapeutic areas and supported by two advanced technology platforms, we have built a strategically-tiered and forward-looking pipeline distinguished by meaningful R&D progress, diversified development stages, and differentiated innovation. With several commercialized drugs and advanced drug candidates, our portfolio presents significant market opportunities and continuously strengthens our overall competitiveness and leading position in innovative drug development. Our commercialized drugs has won market recognition with distinctive features and competitive advantages. At the same time, our pipeline, including several drug candidates developed with innovative approaches and frontier technologies, holds substantial potential to support sustainable growth and long-term leadership.

As of the Latest Practicable Date, we had four commercialized drugs, and our pipeline comprised 10 drug candidates across 29 key clinical programs (including Gecacitinib Hydrochloride Tablet with its clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection with its clinical programs for postoperative treatment of thyroid cancer). Among our drug candidates, there are four candidates with eight indications in BLA/NDA stage or pivotal/Phase III registrational trial stages, seven candidates with multiple indications in Phase I/II clinical trials, and one candidate in preclinical development. See "— Overview — Our Pipeline." Our pipeline is structured to enable international development, with flagship candidates such as ZG006, ZG005 and ZGGS34 advancing toward overseas registrational development. This strategy positions us to actively participate in international competition and collaboration, with significant potential for out-licensing opportunities.

We have built strong presence in oncology, with commercialized drugs such as Zepsun®, Zepuping and Zesuning, alongside innovative candidates including ZG006, ZG005, and ZG2001 and ZG0895. We are also exploring combination therapies such as ZGGS18 with ZG005, creating a balanced mix of near-term cash flow generation and long-term innovation leadership. Our strategy of dual innovation engine integrates small-molecule targeted therapies with biologic immunotherapies, addressing current treatment needs and focusing on breakthrough directions in immuno-oncology. Through the development of bispecific and multispecific antibodies against novel targets, we aim to redefine treatment paradigms and strengthen our leading position in oncology.

In the field of autoimmune diseases, our efforts are centered on Gecacitinib Hydrochloride Tablets. By focusing on the clinically validated JAK pathway, we are advancing clinical trials with higher success probability and clearer development paths, which enables faster commercialization and access to large patient populations across multiple indications. In hematology and hemostasis, Zepuning remains the only recombinant thrombin developed with recombinant DNA technology and successfully commercialized in China as of the Latest Practicable Date. With broad applications in hemostasis, it provides both clinical value and commercial potential.

Our Commercialized Drugs: Distinctive Assets Driving Stable Cash Flow and Sustainable Growth

Our portfolio of commercialized drugs provides the foundation for recurring revenue and validates our ability to successfully commercialize innovative therapies. These assets combine clinical differentiation with strong market recognition and reinforce our leading position in China's biopharmaceutical industry. Among our commercialized products:

Zepsun® (Donafenib Tosilate Tablets) is an oral multi-target, multi-kinase inhibitor and the first small-molecule multi-targeted drug domestically-developed and approved in China for the first-line treatment of advanced HCC, supported by the National Major New Drug Innovation Program. It was later approved for progressive, locally-advanced, or metastatic radioactive iodine-refractory differentiated thyroid cancer. Since launch, Zepsun® has been further validated as a small-molecule multi-targeted drug with clear efficacy, favorable safety, patient accessibility, and a well-balanced risk-benefit profile in liver cancer and thyroid cancer. It has also demonstrated broad anti-tumor activity and significant modulation of the tumor immune microenvironment, creating strong potential for combination with immunotherapies to enhance efficacy across multiple tumor types. According to a Phase III trial, Zepsun® has proven to be superior to sorafenib in overall survival benefit with better safety, securing a solid position in the large HCC treatment market.

Zepuping (Gecacitinib Hydrochloride Tablets) is a novel dual JAK and ACVR1 inhibitor, supported by the National Major New Drug Innovation Program. It is the first JAK inhibitor domestically-developed and approved in China for the treatment of myelofibrosis, The successful development of Zepuping has enabled us to enter the field of myelofibrosis treatment, creating new opportunities for revenue growth. Beyond hematology, Gecacitinib Hydrochloride Tablet is being developed for multiple autoimmune indications. Its indication for severe alopecia areata indication has been approved for commercialization in June 2026, and the indications for ankylosing spondylitis and moderate-to-severe atopic dermatitis have been completed and are currently at the stage of NDA.

Zepuning (Recombinant Human Thrombin) is an important topical biological hemostatic agent. As of the Latest Practicable Date, it is the only recombinant thrombin produced domestically in China using recombinant DNA technology, offering broad application potential in hemostasis. The product is currently in the stage of market access and expansion. Through our partnership with Grand Life Sciences, Zepuning has achieved positive sales growth since its commercialization. This collaboration facilitates effective market penetration and provides further support for our operating cash flow.

Zesuning (Human Thyrotropin beta for Injection) is the first and only recombinant human thyrotropin approved in China for diagnostic use in postoperative follow-up of differentiated thyroid cancer patients for radioactive iodine whole-body imaging and serum thyroglobulin monitoring as of the Latest Practicable Date, and therefore fills a major gap in the thyroid cancer postoperative diagnosis market in China. We have entered into exclusive commercialization collaboration with ATSA, a Swiss subsidiary of Merck, a major international pharmaceutical company headquartered in Germany, providing a strong foundation for its rapid uptake.

Our Drug Candidates: Advancing Pipeline Value and Synergy

Leveraging our technology platforms, we are advancing a pipeline of innovative drug candidates to address unmet medical needs. These assets demonstrate significant advantages as monotherapies, and also create strong synergies with our existing and future pipeline. By integrating small-molecule and biologic therapies, we maximize the overall value of our portfolio and reinforce our position in innovative drug development. Among our key drug candidates:

ZG006 (Alveltamig) is a trispecific T-cell engager targeting two distinct DLL3 epitopes and CD3. It is the first DLL3-targeted trispecific antibody (DLL3/DLL3/CD3) in the world. Clinical data disclosed to date have demonstrated the competitive advantage of this trispecific approach, further underscoring our technological strength and future development potential. ZG006 has received the breakthrough therapy designation by the Center for Drug Evaluation of the NMPA for relapsed or progressive advanced SCLC and DLL3-positive NEC following prior platinum-based chemotherapy and at least one other systemic therapy. In addition, the FDA has granted ZG006 orphan drug designations for the treatment of SCLC and NEC. Clinical data from monotherapy studies in patients with advanced SCLC and NEC demonstrate that ZG006 delivers notable and durable anti-tumor efficacy with favorable tolerability and safety. These results not only support the initiation of pivotal registration studies but also provide a solid foundation for further development in combination regimens and front-line indications.

ZG005 (Nilvanstomig) is a recombinant humanized bispecific antibody targeting PD-1 and TIGIT, designed as an innovative immuno-oncology biologic therapy with potential applications across multiple solid tumors. It is among the first drug candidates globally to enter clinical development for this dual-target mechanism. As of the Latest Practicable Date, no similar therapy has yet been approved worldwide. With our innovative and sophisticated design and proven by preclinical and early stage clinical results, ZG005 has the potential to overcome clinical challenges encountered by the combination of individual anti-PD-(L)1 and anti-TIGIT antibodies both in efficacy and safety. Therefore, by simultaneously blocking two synergistic immune checkpoints PD-1 and TIGIT, ZG005 enhances tumor killing effects and has the potential to address PD-1 single-target therapy's low response rates or acquired resistance, while also offering broad opportunities for future combination with our small-molecule targeted therapies.

Clinical data from dose escalation, tolerability, safety, pharmacokinetics, and multi-cohort expansion in Phase I/II studies of patients with advanced solid tumors have demonstrated that ZG005 delivers strong anti-tumor activity and favorable safety in advanced cervical cancer. Early clinical results from combination studies with with paclitaxel plus platinum ± bevacizumab also showed promising efficacy, safety, and tolerability, supporting further research and clinical application. We are actively advancing multiple clinical programs of ZG005, both as monotherapy and in combination regimens, for the treatment of HCC, NEC, cervical cancer, and other solid tumors.

Beyond these lead programs, we are advancing a range of other innovative candidates that broaden our pipeline across diverse mechanisms of action. ZGGS18 is a recombinant humanized bifunctional fusion protein targeting VEGF/TGF-β, designed to inhibit tumor angiogenesis, reduce metastasis, and modulate the tumor microenvironment, with Phase I studies showing favorable tolerability and antitumor activity. ZGGS34 is a trispecific antibody engaging CD3 and CD28 on T cells together with the tumor-associated antigen MUC17, a promising target in gastrointestinal cancers, with preclinical studies demonstrating tumor regression and toxicology data supporting a favorable safety profile. ZGGS15 is a bispecific antibody targeting LAG-3 and TIGIT, the first of its kind to enter clinical trials, with early results indicating tolerability and potential synergistic efficacy when combined with PD-1 antibodies. ZG2001 is a novel oral pan-KRAS mutation inhibitor that selectively blocks SOS1, thereby inhibiting multiple KRAS mutants; Phase I trials have shown a favorable safety profile and antitumor activity, supporting its potential use alone or in combination regimens. ZG0895 is a highly selective TLR8 agonist developed for solid tumors and chronic hepatitis B, with preclinical and early clinical data demonstrating potent immune activation, antitumor activity, and a favorable safety profile. Collectively, these candidates highlight the breadth of our pipeline and our continued investment in novel targets and technologies aimed at addressing unmet medical needs across oncology and related indications.

Further, we are also advancing a preclinical pipeline focused on refractory malignant tumors and historically undruggable targets. ZG2273, a preclinical candidate, is a novel pan-RAS inhibitor that binds to the intracellular chaperone protein CypA and forms a ternary complex with RAS(ON), thereby blocking downstream signaling. This mechanism enables broad-spectrum targeting of RAS mutations, which are among the most frequent oncogenic drivers in cancers such as lung, colorectal, and pancreatic tumors. With RAS mutations representing a substantial unmet medical need, ZG2273

is positioned as a promising candidate to address this therapeutic gap. Together, these preclinical programs reflect our commitment to developing next-generation oncology therapies aimed at tackling difficult-to-treat cancers and expanding future treatment options.

Mechanism Synergy and Combination Therapies: Building a Product Ecosystem

We are integrating small-molecule and biologic therapies to develop differentiated combination treatment strategies that address complex clinical needs and aim to overcome PD-1 resistance, including: (i) **ZG005 + chemotherapy and/or other mechanism-based agents** is being studied across multiple solid tumors, and ongoing clinical programs include its use: (a) with bevacizumab, versus sintilimab plus bevacizumab, for the first-line treatment of advanced HCC which has advanced into Phase III clinical trials; (b) with paclitaxel plus platinum ± bevacizumab for the first-line treatment of advanced cervical cancer; and (c) with platinum-etoposide plus cisplatin, versus etoposide plus cisplatin alone, for the first-line treatment of advanced NEC, which has advanced into Phase III clinical trials; (ii) **ZG005 + ZGGS18** is exploring synergy between immunotherapy and tumor microenvironment modulation, with plans to add chemotherapy to form a triple regimen. This program is to evaluate efficacy and safety in advanced NSCLC, pancreatic cancer, and other solid tumors, and is currently in Phase II trials; (iii) **ZG005 + Zepuping** represents an innovative immunomodulatory combination therapy designed to address unmet clinical needs. This program is to evaluate efficacy and safety in advanced NSCLC and in relapsed or refractory lymphoma, and is currently in Phase II trials; and (iv) **ZG006 + immuno-oncology or antibody-drug conjugate agents** is being explored in a variety of clinical trials including those for SCLC and NEC. Approval has been obtained for studies combining ZG006 with PD-1/PD-L1 checkpoint inhibitors in SCLC.

Solid Commercialization Progress Accelerating Biotech-to-Biopharma Transformation

Our commercialization process is progressing steadily, driven by a dual model that combines self-operated sales with strategic partnerships. Leveraging exceptional market access capabilities and a broad sales network, we have established a proven track record of rapid uptake upon launching our commercialized products, accelerating our transformation from a biotech company into a fully integrated biopharma enterprise. We have already achieved commercialization in multiple therapeutic areas, with several high-quality, safe and effective drugs driving sustained revenue growth. At the same time, our late-stage pipeline is well-stocked, with drug candidates demonstrating clear efficacy and safety advantages, strong market potential and long-term competitiveness.

Our market access strength is particularly evident in the successful inclusion of Zepsun®, Zepuping (for the treatment of myelofibrosis) and Zepuning in the NRDL in their first round of national negotiations. In parallel, we have rapidly expanded market coverage of our commercialized drugs: as of June 30, 2026, Zepsun®, Zepuning Zepuping and Zesuning were available in primary target medical institutions and pharmacies covering most provinces nationwide. This powerful combination of NRDL inclusion and extensive coverage ensures swift market penetration and exemplifies our ability to consistently replicate a high-efficiency commercialization pathway.

We drive growth through a dual approach that combines our in-house sales and academic promotion team and external promotion partnerships. As of June 30, 2026, with more than 400 members covering most provinces in China, our in-house sales and academic promotion team ensures broad and efficient market reach through a specialized sales network. We also leverage strategic collaborations with external partners to accelerate product uptake with high efficiency and controlled cost. This approach has evolved into a mature commercialization model that integrates independent R&D with the advantages of external resources.

For Zepuning, we have partnered with Grand Life Sciences, which possesses established distribution channels and strong academic promotion capabilities in the hemostasis field. This collaboration has enabled rapid hospital coverage, significantly reducing the capital and time required to build our own sales infrastructure and maximizing investment efficiency. For Zesuning, we have entered into an exclusive promotion service agreement with ASTA, a Swiss subsidiary of

Merck, a major international pharmaceutical company headquartered in Germany with nearly 30 years of expertise in thyroid diseases and a mature commercialization team in order to achieve swift market access and broad coverage of the target patient population upon its commercialization.

Advanced R&D Engine Powered by Dual Technology Platforms

We have established an advanced R&D system anchored by two proprietary technology platforms: a small-molecule drug R&D platform and a bispecific/trispecific antibody and complex recombinant protein R&D platform. By deploying these platforms in a differentiated yet synergistic manner, we have strengthened our research capabilities and reinforced our position in oncology, enabling the efficient and continuous advancement of our pipeline. Small-molecule and biologic drugs differ significantly in development strategies, technical pathways and production processes, but through years of independent R&D, we have successfully transformed these differences into a unique synergistic advantage. This dual-platform approach demonstrates our technological sophistication and strategic foresight, while enabling the design of combination regimens that integrate small-molecule targeted therapies with antibody-based immunotherapies. Together, this "small molecules + biologics" strategy enhances the value of our pipeline, raises technical barriers to entry, and positions us to deliver innovative solutions for malignant and refractory tumors.

Our Small-Molecule Drug R&D Platform. We have established a small-molecule drug R&D platform that integrates advanced drug stabilization technology, structure-activity relationship screening technology, and AI-aided drug design and development. By applying these advanced technologies, we are able to reduce development risks and timelines, significantly improve the success rate of new drug discovery, and generate patented compounds with superior efficacy, optimized pharmacokinetic properties, and lower incidence of adverse effects. In addition, structure-activity relationship screening, a core methodology in drug discovery, allows us to build quantitative and qualitative models linking molecular structures to biological activity, thereby efficiently predicting and refining lead compounds through both ligand-based and structure-based design approaches. In parallel, we are harnessing AI to transform drug development, combining deep learning and generative models with traditional R&D to enhance efficiency, lower costs, and shorten development cycles. Deep QSAR techniques automatically learn molecular features to generate or select candidates with ideal pharmacological properties, while generative models create entirely new molecular structures tailored to desired activity and drug-like characteristics, opening a new paradigm in drug design. Leveraging this platform, we have developed a portfolio of internationally competitive patented small-molecule drugs and candidates, including Zepsun®, Zepuping, ZG2001, ZG0895, and ZG2273.

Our Bispecific/Trispecific Antibody and Complex Recombinant Protein R&D Platform. Our bispecific/trispecific antibody and complex recombinant protein R&D platform encompasses three proprietary bispecific/trispecific antibody platforms — TriGen, CheckGen and TGen. The TriGen platform enables the development of trispecific antibodies that overcome the structural limitations of conventional Fab segments, allowing molecules to bind three distinct targets with high druggability, stability, clear mechanisms of action, and reduced off-target effects. The CheckGen platform focuses on bispecific antibodies targeting immune checkpoints and is designed to address tumor immune escape by blocking compensatory pathways and thereby improving patient response rates compared with traditional checkpoint inhibitors. The TGen platform is dedicated to novel bispecific antibody molecules against new targets, generating candidates that can be used as monotherapies, in combination with each other, or alongside PD-1/PD-L1 therapies. Building on the antibody platforms, we are advancing several drug candidates currently in development — including ZG006, ZG005, ZGGS18, ZGGS34 and ZGGS15 — reflecting the breadth and depth of our pipeline. Among them, ZG006, ZG005, and ZGGS34 are under development internationally and have received clinical trial approvals in both China and the United States. Both ZG006 and ZG005 have demonstrated encouraging efficacy and safety results in Phase I/II clinical studies for oncology indications. ZGGS34 has advanced into a Phase I clinical trial in China and obtained IND approval in the United States, reflecting our continued development efforts across jurisdictions. In addition to antibody innovation, we have also pioneered a complex recombinant protein platform, successfully developing high-barrier dual-chain protein drugs such as Zepuning and Zesuning, which fill critical gaps in the domestic market and provide us with unique competitive advantages.

Further, we have built a professional and highly efficient clinical development framework that integrates distinguished expertise and rigorous execution. Through deep collaborations with leading hospitals and recognized clinical specialists in China, we ensure that our clinical trials meet the standards of scientific integrity and regulatory compliance. In parallel, we have built strong partnerships with leading domestic and international CROs, creating a clinical research network that supports the seamless execution of clinical trials and enhances the scientific influence of our drugs.

Integrated, Scalable Production System Enabling Commercialization and Market Expansion

We have established a fully integrated and scalable production and operations system designed to support for commercialization and market expansion. Designed to deliver controllable supply chain capabilities and cost advantages, this system creates a complete closed loop from research to market, enabling the rapid commercialization of innovation into large-scale supply.

Our production infrastructure includes facilities for oral solid formulations of chemical drugs, recombinant protein drugs and antibodies, ensuring sufficient production capacity. In addition, we have a large-scale antibody drug production facility which has passed the completion acceptance inspection as of the Latest Practicable Date and has significantly expanded our production capacity. Further, our supply chain system is engineered for both resilience and reliability. Stable partnerships with raw material suppliers are reinforced by the proactive development of secondary sources, creating a resilient and cost-competitive supply assurance mechanism. This approach strengthens product security, enhances efficiency, and provides a robust foundation for sustained growth.

International Development and Collaboration Enhancing Clinical Impact and Market Potential

We are actively advancing the international development of our pipeline products, strengthening our participation in global business development and enhancing our capacity for cross-border collaboration. These initiatives have laid a solid foundation for future global business development opportunities, potential partnerships and market expansion. Our pipeline candidates, as exemplified by ZG006 and ZG005, are defined by their advanced technical positioning and a high degree of differentiation. Our innovative combination regimens including ZG005 + ZGGS18 and ZG005 + Zepuping have demonstrated potential to address refractory and relapsed cancers, including overcoming PD-1 resistance and are planned for expansion into first-line indications. Together, these attributes create a highly differentiated value proposition for global business development, partnership opportunities and market expansion. Further, we have achieved substantive advances in international development and demonstrated the international applicability of our R&D and technical capabilities. For instance, ZG006 has already been granted orphan drug designation in the United States for SCLC and NEC, underscoring its global relevance and regulatory recognition. We have also made meaningful progress in both China and the US with multiple bispecific and trispecific antibody candidates, including ZG006, ZG005, and ZGGS34, which have entered or are preparing to enter clinical trials abroad. Our team combines deep expertise with extensive experience, including a number of members having work experience in leading multinational pharmaceutical companies. With proven proficiency in international registration and clinical development, the team is well positioned to efficiently execute global collaborations and accelerate the delivery of innovative therapies to patients worldwide.

Building on this foundation, we are also pursuing diverse business collaboration models that broaden our international reach. We have entered into partnerships with multinational group such as Merck and AbbVie, validating our cooperative approach and leveraging our robust pipeline to create multiple pathways for expanding global cooperation. We pursue a differentiated, region-specific out-licensing strategy aligned with our pipeline positioning and maturity. For core innovative assets, we will generally retain development and commercialization rights in Chinese Mainland, Hong Kong and Macau while out-licensing overseas rights. Marketed and non-oncology products are commercialized through exclusive strategic collaborations with domestic or international partners. Licensing agreements typically involve upfront payments, development and sales milestones, and tiered royalties.

Our scientific achievements further reinforce this momentum and have been recognized on the international stage. With Zepsun® as the first domestically-developed small-molecule multi-targeted drug for liver cancer in China and published in the *Journal of Clinical Oncology* in 2021 and the Phase III results in myelofibrosis of Zepuping published in the *Blood Cancer Journal* in 2024, we have demonstrated the strength of our research and shown our ability to deliver impactful innovations. In addition, multiple clinical results on other drugs and candidates of ours have been presented at prestigious international conferences, including ASCO, ESMO, APPLE, and EHA, further highlighting our innovation capabilities and growing global impact.

Veteran Leadership Delivering End-to-End Excellence and Sustainable Growth

Under the leadership of our Chairman of the Board and general manager, Dr. Sheng Zelin, we have assembled a core management team distinguished by deep industry experience and strong professional expertise. Collectively, our management team brings decades of knowledge across drug development, clinical research, regulatory submissions, quality and compliance, and intellectual property management. With members credited as principal inventors on numerous patents and experienced in advancing drugs through international registrations and approvals, this team provides broad capabilities spanning R&D, manufacturing, and commercialization to support the execution of our strategies and long-term growth.

Beyond the leadership team, our R&D organization is distinguished by its strength and depth. Core members average more than 20 years of experience at leading domestic and international pharmaceutical companies, having played key roles in major drug development programs and served as principal inventors on numerous patents. The team possesses full-cycle capabilities from drug discovery through commercialization. Our commercialization team is equally seasoned and brings extensive expertise. With an average of more than 15 years of experience in multinational or leading domestic pharmaceutical enterprises, our marketing and business professionals have built a highly efficient and professional commercialization system that ensures effective market execution and sustainable growth.

OUR STRATEGIES

Continue to Drive Dual Engines of Innovation with Synergy in Small Molecules and Biologics

We will continue to pursue a dual-engine innovation strategy that integrates small-molecule and biologic therapies to create a synergistic development landscape. Leveraging our proprietary drug development platforms, we are committed to increasing investment in R&D activities. We will actively expand our pipeline of small-molecule targeted drugs and biologic therapies, with a focus on bispecific and trispecific antibodies and novel mechanism-based targeted drugs. We plan to focus our R&D activities on ZG006, ZG005, ZGGS34 and ZGGS18 in the next few years. For details for such plans, see "Future Plans and Use of [**REDACTED**]." By coordinating the development of small-molecule and biologic candidates, we are able to flexibly apply different technological approaches to complex diseases, designing optimal monotherapy or combination regimens and generating strong pipeline synergies. With this strategy, we have already initiated combination studies of ZG006 and ZG005 with chemotherapy, Zepuping or antibody-drug conjugate agents.

Focus on Clinical Value to Address Unmet Needs Through Differentiated Innovation

We are committed to addressing substantial unmet clinical needs through a strategy of differentiated innovation. With a focus on areas where patient demand remains high and existing therapeutic options are limited, we are accelerating the clinical development of our pipeline with the objective of delivering innovative therapies which can fill the gaps in the China market while offering superior treatment choices for patients worldwide. At the same time, we are building a competitive advantage by shaping a pipeline that combines breadth and depth, encompassing both prevalent and rare diseases. Our approach emphasizes leadership, accessibility, broad applicability or targeted specificity, and is designed to deliver innovative drugs that are safe, effective,

affordable, and protected by global intellectual property rights. For malignant tumors, including SCLC, NSCLC, HCC, NEC and pancreatic cancer, we are currently developing candidates including ZG006, ZG005, ZGGS18, ZGGS34, ZGGS15, ZG2001, ZG0895 and ZG2273, all of which hold strong potential to address the clinical needs of these indications. Also leveraging our dual engines of innovation, our strategy to combine small-molecule targeted and biologic drugs will bring powerful resolutions to address the unmet clinical needs of refractory and relapsed cancers, including PD-1 resistance.

Maximize Commercial Value with Competitive Advantages of Core Products

We plan to leverage the competitive strengths of our core products to fully realize their commercial potential. Through years of strategic focus, we have built an integrated system that spans R&D to commercialization across three core areas: oncology, autoimmune diseases and hemostasis/hematology. With several drugs successfully commercialized, we plan to systematically drive significant value creation. We are leveraging Zepsun®, a highly effective first-line therapy, as the cornerstone to rapidly expand our market share and brand presence in advanced liver cancer and thyroid cancer actively expanding the market reach of Zepuping to establish it as an important treatment of myelofibrosis in the China market and increase its sales volume and revenue contribution. In parallel, we are expanding market access of Zepuning and Zesuning to generate stable and steadily growing cash flow. At the same time, we are also fully developing the potential of Gecacitinib Hydrochloride Tablets in autoimmune diseases, expanding indications to position it as a multi-indication blockbuster.

Strengthen Commercialization Capabilities with Diversified Business Models

To maximize product value, we are strengthening our commercialization capabilities through a combination of direct marketing and strategic partnerships, with the aim to broaden external promotion channels and fully unlock the market potential of our products. We are expanding our sales force and building a scientifically driven, efficient market system. Our direct marketing strategy focuses on building a professional in-house team with deep therapeutic expertise, enabling us to deliver targeted education and engagement to healthcare professionals. At the same time, we are pursuing strategic collaborations with established pharmaceutical companies and distribution partners to extend our reach, accelerate uptake and optimize market penetration. This integrated approach allows us to balance control and flexibility, ensuring that our products achieve maximum visibility and adoption. We are also investing in digital platforms and data-driven marketing tools to enhance efficiency and responsiveness, while strengthening relationships with key opinion leaders in relevant fields and medical institutions to reinforce our scientific credibility. By combining these initiatives, we are creating a scalable and sustainable commercialization framework that will support the long-term growth of our portfolio and ensure that innovative therapies reach patients more quickly and effectively.

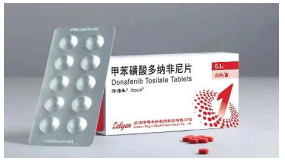
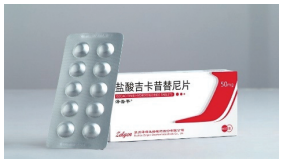
Advance Global R&D and Partnerships to Enhance Competitiveness

We are advancing a global strategy designed to build competitiveness and foster a collaborative ecosystem. Supported by a research team with extensive experience in multinational pharmaceutical companies, extensive experience in international registration and clinical development, and technology platforms that meet global standards, we are systematically positioning our products for entry into international markets. Our pipeline is protected by independent global intellectual property rights, and its value is becoming increasingly evident as development progresses. Looking ahead, we plan to pursue diverse collaboration models, including out-licensing and co-development, while establishing strategic partnerships with leading domestic and international pharmaceutical companies. These initiatives will enable us to realize returns on early-stage investment, mitigate development risks, and create a solid foundation for our drugs to reach patients worldwide. We aim not only to expand our market presence but also to embed our innovation within a broader ecosystem of international cooperation.

OUR PIPELINE ASSETS

Our Commercialized Products

The following table sets forth a summary of our commercialized products as of the Latest Practicable Date:

Area	Product	Sample Picture	Type	Indication	Inclusion in NRDL	Participation in VBP	Retail Price (tax-inclusive)	Number of Competing Products in China
							(RMB)	
Oncology	Zepsun® (Donafenib Tosilate Tablets)		Prescription only	Indicated for (i) patients with unresectable HCC who have not previously received systemic therapy, and (ii) patients with progressive, locally-advanced or metastatic RAIR-DTC	Yes(1)	No	RMB2,592 per box (0.1g/tablet x 40 tablets)(2)	5
Hematology	Zepuping (Gecacitinib Hydrochloride Tablets)		Prescription only	Indicated for (i) adult patients with intermediate- or high-risk primary myelofibrosis (PMF), post-polycythemia vera myelofibrosis (PPV-MF), and post-essential thrombocythemia myelofibrosis (PET-MF) for the treatment of disease-related splenomegaly or disease-related symptoms, and (ii) adult patients with severe alopecia areata	Yes(3)	No	RMB5,160 per box (50mg/tablet x 60 tablets)(4)	3
Hemostasis	Zepuning (Recombinant Human Thrombin)		Prescription only	Indicated for use in adult patients to promote hemostasis at surgical sites where bleeding cannot be adequately controlled by standard surgical hemostatic techniques, such as suturing, ligation or electrocautery, or where such techniques are impracticable, including oozing from surgical wounds and bleeding from capillaries and small veins	Yes(5)	No	RMB373 per box (5000 IU/vial x one vial)(2)	13

Area	Product	Sample Picture	Type	Indication	Inclusion in NRDL	Participation in VBP	Retail Price (tax-inclusive)	Number of Competing Products in China
							(RMB)	
Oncology	Zesuning (Human Thyrotropin beta for Injection)		Prescription only	Indicated for use in the follow-up of patients with differentiated thyroid cancer who have previously undergone thyroidectomy, including radioactive iodine-131 whole-body scan and serum thyroglobulin measurement	No	No	RMB9,960 per box (0.9mg/vial x two vials)	0

Notes:

(1) Zepsun® was first included in the NRDL in January 2022 for the first-line treatment of advanced HCC, and its indication for thyroid cancer was subsequently included in the NRDL in January 2024. As of June 30, 2026, Zepsun® had been sold in 30 provinces, municipalities and autonomous regions across China, across primary target medical institutions and pharmacies covering most provinces nationwide.

(2) The price will remain in effect until December 31, 2026.

(3) Zepuping was approved for inclusion in the NRDL for the treatment of myelofibrosis with effective date on January 1, 2026. As of June 30, 2026, Zepuping had been sold in 30 provinces, municipalities and autonomous regions across China, across primary target medical institutions and pharmacies covering most provinces nationwide.

(4) The price will remain in effect until December 31, 2027.

(5) Zepuning was included in the NRDL in January 2025 after approval by the NHSA. As of June 30, 2026, Zepuning had been sold in 29 provinces, municipalities and autonomous regions across China, across primary target medical institutions and pharmacies covering most provinces nationwide.

Zepsun® 澤普生®, Donafenib Tosilate Tablets

Zepsun® is an orally administered, multi-kinase inhibitor small-molecule anti-tumor drug. It is the first innovative domestically developed small-molecule drug in China for the first-line treatment of advanced HCC and was supported by the National Major New Drug Innovation Program. Following its approval for advanced HCC in June 2021, Zepsun® was further approved in August 2022 for the treatment of progressive, locally advanced or metastatic radioactive iodine-refractory differentiated thyroid cancer. Both indications have been included in the NRDL. Clinical practice has demonstrated its efficacy, favorable safety and tolerability profile, accessibility and balanced risk-benefit profile, supporting its adoption as a targeted therapy for liver and thyroid cancers. In addition, Zepsun® has also demonstrated broad anti-tumor activity and the ability to modulate the tumor immune microenvironment, which provides strong potential for combination use with immuno-oncology therapies across multiple tumor types, offering opportunities to further enhance therapeutic outcomes.

Drug Design and Mechanism of Action

Donafenib tosilate is a deuterium derivative of sorafenib tosylate. Donafenib tosilate exerts anti-tumor activity through a dual mechanism of action. It inhibits tumor angiogenesis by blocking multiple receptor tyrosine kinases, including the proangiogenic vascular endothelial growth factor receptors ("**VEGFRs**"), platelet-derived growth factor receptors ("**PDGFRs**"), and epidermal growth factor receptors ("**EGFRs**"). Concurrently, it suppresses tumor-cell proliferation by inhibiting signaling through the RAF/MEK/ERK pathway.

Clinical Milestone and Development

Completed Phase II/III Clinical Study to Evaluate the Efficacy and Safety of Donafenib in Patients with Advanced HCC (NCT02645981; CTR20160184)

This trial is to compare the efficacy and safety of donafenib versus sorafenib as a first-line therapy for advanced HCC. A total of 659 participants were included in the full analysis set ("**FAS**"), comprising 328 participants in the donafenib group and 331 participants in the sorafenib group. Donafenib demonstrated a superiority in survival benefit compared with sorafenib. The primary endpoint of median overall survival ("**mOS**") was 12.1 months *vs.* 10.3 months, showing donafenib mOS significantly longer than sorafenib. The results for the intent-to-treat population ("**ITT**") were similar with the FAS, with mOS of 12.0 months *vs.* 10.1 months. In the donafenib arm, one participant achieved a complete response and 19 achieved partial responses, compared with no complete responses and 12 partial responses in the sorafenib arm. Donafenib also demonstrated a more favorable safety profile compared with sorafenib. In the safety set, fewer participants experienced at least one Grade≥3 adverse event ("**AE**") with donafenib versus sorafenib (37.5% *vs.* 49.7%). Rates of serious AEs ("**SAEs**") were comparable between groups (16.5% *vs.* 20.2%), while AEs leading to dose reduction or interruption were significantly lower with donafenib (30.3% *vs.* 42.5%).

Completed Phase III Clinical Study of Donafenib in Patients with RAIR-DTC (NCT03602495; CTR20180191)

This trial is designed to evaluate the efficacy and safety of donafenib in patients with locally-advanced or metastatic RAIR-DTC. A total of 191 participants were randomized 2:1 to receive either donafenib group (n=128) or placebo group (n=63) until disease progression or unacceptable toxicity. The trial met its primary endpoint, demonstrating that, compared with placebo, donafenib significantly reduced the risk of disease progression. Donafenib resulted in a meaningful improvement in median PFS, which was 12.9 months in the donafenib group versus 6.4 months in the placebo group. In addition, donafenib achieved superior secondary efficacy outcomes, including higher ORR (23.3% *vs.* 1.7%) and DCR (93.3% *vs.* 79.3%). Donafenib also demonstrated a manageable and clinically acceptable safety profile in patients with RAIR-DTC. The majority of adverse events were manageable through standard clinical interventions. Importantly, TEAE resulting in death were rare, and none were assessed as drug-related. Overall, the safety findings were consistent with expectations for this class of therapies and support the favorable benefit-risk profile of donafenib in the treatment of RAIR-DTC.

Zepuping 澤普平®, Gecacitinib Hydrochloride Tablets

Zepuping is the first domestically developed JAK inhibitor in China for the treatment of myelofibrosis. Approved in May 2025, Zepuping is designed to address the limitations associated with existing therapies through its differentiated mechanism of action and has demonstrated significant improvements in efficacy and safety. In addition to myelofibrosis, we are advancing a multi-indication development strategy for Zepuping across autoimmune diseases, with several indications progressing through late-stage clinical development. Its severe alopecia areata indication received marketing approval from the NMPA in June 2026, positioning it among the most advanced domestically developed JAK inhibitors in this field. Furthermore, as of the Latest Practicable Date, the Phase III clinical trial for moderate-to-severe atopic dermatitis had met its primary endpoints and was at the NDA stage. The Phase III clinical trial for ankylosing spondylitis had also met its primary endpoints and was at the NDA stage as of the Latest Practicable Date. These developments support the continued expansion of Zepuping's potential applications in autoimmune diseases.

Drug Design and Mechanisms of Action

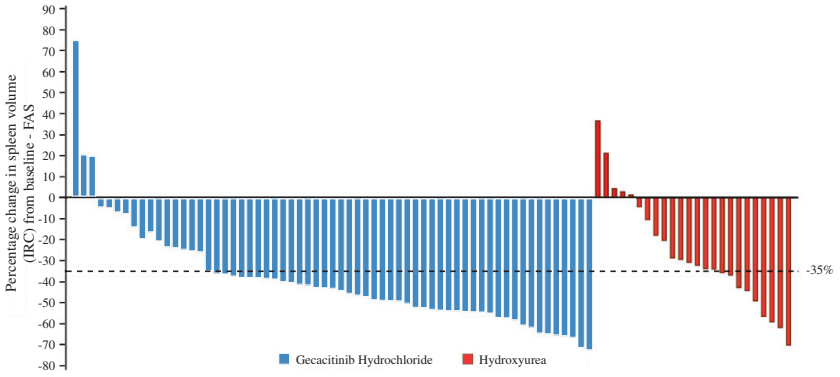
Gecacitinib (also known as jaktinib) is a novel, relatively broad-spectrum dual JAK/ACVR1 inhibitor that targets multiple Janus kinases, including JAK1, JAK2, JAK3, and TYK2. JAK1, JAK2, and JAK3 mediate cytokine and growth-factor signaling pathways essential for hematopoietic, inflammatory, and immune functions. Activation of these pathways leads to downstream STAT activation and nuclear translocation, regulating the expression of multiple genes. Gecacitinib shows suppressing ACVR1-activity. Inhibition of ACVR1 down-regulates hepcidin transcription, thereby improving dysregulated iron metabolism, increasing hemoglobin levels, and mitigating anemia and transfusion dependence, which is particularly relevant in myelofibrosis and other MPNs.

Clinical Milestone and Development

Completed Phase III Clinical Study of Gecacitinib in Patients at Intermediate-2 or High Risk of Myelofibrosis (NCT04617028; CTR20202130)

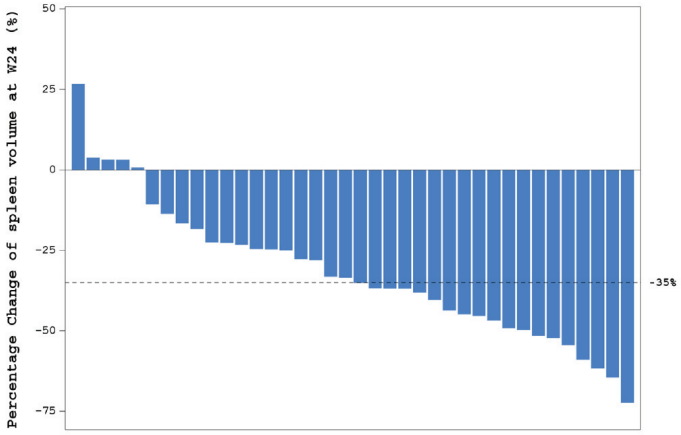
This study is to evaluate the safety and efficacy of gecacitinib versus hydroxyurea ("**HU**") in participants at intermediate-2 or high risk of myelofibrosis. A total of 105 participants were randomized in a 2:1 ratio to either gecacitinib group (n=71) or HU group (n=34). In the full analysis set ("**FAS**") of the entire study patient population, gecacitinib group had higher percentage of participants achieved SVR35 at the week 24 (primary endpoint) of the main study period than the control HU group, with a statistically significant difference (64.8% *vs.* 26.5%). The gecacitinib

group also exhibited a notably greater decrease in spleen volume than those on HU (−51.7% *vs.* −30.0%), signifying its superior efficacy in ameliorating splenomegaly. Gecacitinib also demonstrated anemia improvement in this study. Hemoglobin (HGB) levels increased from week 2 especially in patients with baseline levels < 100 g/L, pointing to its potential for ameliorating anemia by mitigating hematopoietic suppression. At the 48-week interim analysis, gecacitinib can bring sustained long-term treatment benefits with respect to SVR35, best spleen response, and improvement in HGB increased compared to the 24-week. Gecacitinib also demonstrated a favorable safety profile, with lower incidences of Grade≥3 AEs and AEs leading to drug discontinuation compared to hydroxyurea. This safety profile of gecacitinib underscores its suitability for long-term use in MF patients. The following waterfall plot sets forth the percentage change in spleen volume from baseline in this trial:



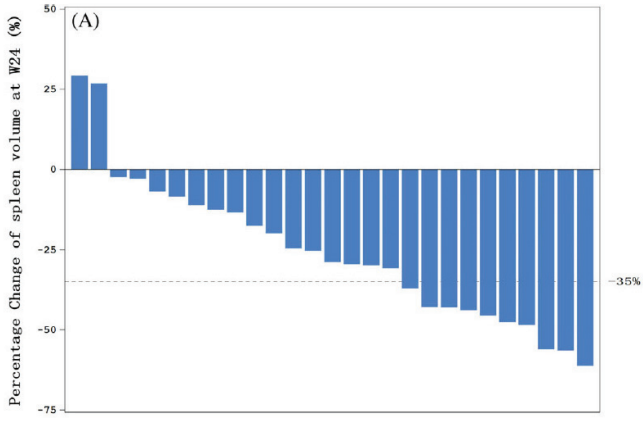
Completed Phase II Clinical Study of Gecacitinib in Patients with MF Who Are Intolerant to Ruxolitinib (NCT04217993)

This study is to evaluate the efficacy and safety profile of gecacitinib in patients with MF who are intolerant to ruxolitinib. The primary endpoint was the proportion of participants achieving a ≥35% reduction in spleen volume from baseline ("**SVR35**") at week 24. The primary endpoint was met, with an SVR35 rate of 43.2% at week 24. Multiple sensitivity analyses of the primary endpoint demonstrated results consistent with the primary analysis and met the prespecified criteria for statistical significance, indicating the robustness of the results. In terms of safety profile, the majority of adverse events were mild with grades 1 or 2. The following waterfall plot sets forth the percent change in spleen volume from the baseline at week 24:



Completed Phase II Clinical Study of Gecacitinib in Patients with MF Who Are Relapsed or Refractory to Ruxolitinib (NCT04851535; CTR20210694)

This study is to evaluate the efficacy and safety of gecacitinib in patients with myelofibrosis who were relapsed or refractory of ruxolitinib treatment. The primary endpoint was the proportion of participants achieving SVR35 at week 24. The SVR 35 rate at week 24 was 32.4%. Unlike ruxolitinib that caused obvious hemoglobin reduction and increased needs of red blood cell transfusion, the participants' hemoglobin levels were stable during the treatment of gecacitinib. Additionally, the majority of patients after receiving gecacitinib observed improvement in MF-related symptoms. In terms of safety profile, all 34 participants were included in the safety analysis set. Three deaths occurred during the study, and none of them was gecacitinib-related at the discretion of investigators. The following waterfall plot sets forth the percent change in spleen volume from the baseline at week 24:



Completed Phase III Clinical Study of Gecacitinib in Adults with Severe Alopecia Areata (NCT05051761; CTR20211281)

This trial is to evaluate the efficacy and safety profile of gecacitinib in adult patients with severe alopecia areata. A total of 425 eligible participants with a Severity of Alopecia Tool ("**SALT**") score of ≥50 were randomized in a 1:1:1 ratio to receive gecacitinib 50 mg BID, gecacitinib 75 mg BID or placebo for 24 weeks. The primary endpoint is the percentage of participants achieving an absolute SALT score of ≤20 at Week 24. Both gecacitinib dose groups met the primary endpoint and demonstrated statistically significant superiority over placebo. Specifically, 34.5% of patients in the 50 mg group and 28.0% of participants in the 75 mg group achieved SALT ≤20 at Week 24, compared with 3.5% in the placebo group, reaching statistical significance (p<0.0001). In addition, gecacitinib has shown good safety and tolerability in treating participants with severe alopecia areata. No deaths, malignancies or thromboembolic events were reported.

Phase III Clinical Study of Gecacitinib in Patients with Active Radiographic Axial Spondyloarthritis ("**r-axSpA**") (NCT05861102; CTR20231388)

This trial is designed to evaluate the efficacy and safety of gecacitinib in patients with r-axSpA. A total of 265 participants were randomized in a 1:1 ratio to receive either gecacitinib hydrochloride tablets 100 mg BID or placebo. Based on the analysis of data from participants who completed 16 weeks of treatment, the results showed that the primary endpoint, the proportion of participants achieving ASAS40 response at week 16, was significantly higher in the gecacitinib hydrochloride tablets 100 mg BID group than in the placebo group, reaching statistical significance (p<0.0001). With respect to safety, gecacitinib hydrochloride tablets also demonstrated a favorable safety and tolerability profile. As of the Latest Practicable Date, this trial had met its primary endpoint and was at the NDA stage.

Phase III Clinical Study of Gecacitinib in Adult Patients with Moderate-to-severe Atopic Dermatitis (NCT05526222; CTR20221417)

This trial is to evaluate the efficacy and safety profile of gecacitinib in adult patients with moderate-to-severe atopic dermatitis. A total of 443 eligible patients were randomized to receive gecacitinib 75 mg BID, 100 mg BID, or placebo. Analysis of data from patients who completed 16 weeks of treatment showed that the proportions of subjects achieving the primary efficacy endpoints, EASI-75 (≥75% reduction from baseline in the Eczema Area and Severity Index score at Week 16) and IGA 0/1 (Investigator's Global Assessment score of 0 or 1 with a ≥2-point reduction from baseline), were both significantly higher in the two gecacitinib groups than in the placebo group, with statistical significance (p<0.0001). In terms of safety, gecacitinib demonstrated favorable safety and tolerability in patients with moderate-to-severe atopic dermatitis in both dose groups. As of the Latest Practicable Date, this trial had met its primary endpoint and was at the NDA stage.

Zepuning 澤普凝®, Recombinant Human Thrombin

Zepuning is, as of the Latest Practicable Date, the first and only recombinant human thrombin developed using recombinant DNA technology in China. Approved in January 2024 and included in the NRDL in January 2025, it is indicated as an adjunct to hemostasis for controlling capillary and small-venous oozing and minor bleeding, particularly in situations where conventional surgical techniques are ineffective or impractical. Developed in CHO cells and highly purified to ensure viral safety and low immunogenicity, Zepuning provides a recombinant, high-activity, and pathogen-free thrombin preparation. As no other domestically manufactured or imported recombinant human thrombin products are currently available in China, Zepuning addresses an unmet clinical need in the recombinant thrombin market.

Drug Design and Mechanism of Action

Thrombin is a multifunctional serine protease that plays a central role in the blood coagulation cascade. Its functions extend beyond simply promoting clot formation to include complex regulatory activities.

Clinical Milestone and Development

Completed Phase III Clinical Study of Recombinant Human Thrombin for Surgical Hemostasis (NCT04459871; CTR20190894)

This trial is to evaluate the efficacy and safety of Recombinant Human Thrombin for surgical hemostasis. In mITT, a total of 348 participants were randomized in a 2:1 ratio to receive Recombinant Human Thrombin group (n=232) or placebo group (n=116). During surgery, participants were treated with blinded study drug (Recombinant Human Thrombin or placebo) in combination with an absorbable gelatin sponge at appropriate bleeding evaluation site(s). The primary endpoint of this trial was the hemostasis success rate at evaluable bleeding sites within 6 minutes. Secondary endpoints included time to hemostasis ("**TTH**"), blood loss, safety and immunogenicity. In the modified intention-to-treat ("**mITT**") population, the 6-minute hemostasis rate at evaluable bleeding sites was 71.6% in the Recombinant Human Thrombin group versus 44.0% in the placebo group, yielding a rate difference of 27.6%. For secondary endpoints, median TTH in the mITT set was 240.5 seconds for Recombinant Human Thrombin and not reached for placebo within the 6-minute window. Recombinant Human Thrombin demonstrated a favorable overall safety profile for surgical hemostasis.

Zesuning 澤速寧®, Human Thyrotropin beta for Injection

Approved for commercialization in January 2026, Zesuning is indicated for use in the follow-up of patients with DTC who have previously undergone thyroidectomy, including radioactive iodine-131 whole-body scan ("**WBS**") and serum thyroglobulin ("**Tg**") measurement.

As of the Latest Practicable Date, no recombinant human TSH has yet been approved in China for diagnostic use in the follow-up of differentiated thyroid cancer patients except for Zesuning. This creates a substantial market opportunity given the rapidly growing incidence of DTC in China and the resulting unmet need for postoperative surveillance and treatment.

Drug Design and Mechanism of Action

Human Thyrotropin beta for Injection is our self-developed biologic drug that is structurally identical to endogenous TSH, a pituitary-derived glycoprotein hormone that regulates thyroid function. By binding to the TSH receptor ("**TSHR**") expressed on normal thyroid cells and well-differentiated thyroid cancer cells, Human Thyrotropin beta for Injection activates downstream signaling pathways, notably increasing intracellular cAMP. This stimulation enhances iodine uptake and organification, as well as the synthesis and release of Tg, triiodothyronine ("**T3**") and thyroxine ("**T4**").

Clinical Milestone and Development

Completed Phase III Clinical Study of Human Thyrotropin beta for Injection for WBS examination and Tg testing in DTC (NCT04971473; CTR20211454)

This study is to compare the efficacy and safety of Human Thyrotropin beta for Injection for WBS examination and Tg testing in DTC patients who had been thyroidectomized versus patients after thyroid hormone withdrawal. A total of 201 participants were enrolled in this trial. The primary endpoint is the concordance between WBS results after exogenous Human Thyrotropin beta for Injection stimulation and those obtained after thyroid hormone withdrawal, as assessed by the IRC. The trial achieved its primary endpoint, revealing a high degree of concordance in scans across 172 out of 195 participants. Of the concordant cases, 94 had no uptake, 75 showed thyroid bed uptake, and 3 had solitary focus uptake in the neck outside the thyroid bed. Of the 23 participants with discordant scans, 11 had superior Human Thyrotropin beta for Injection scans, and 12 had superior THW scans. All three sensitivity analyses further supported the non-inferiority of Human Thyrotropin beta for Injection-aided WBS. Imaging sensitivity was comparable between the two preparation methods (93.8% *vs.* 94.4%), with high concordance in lesion-level radioiodine uptake assessment and presence/absence of uptake. Human Thyrotropin beta for Injection was well tolerated, with low incidence and mild severity of Human Thyrotropin beta for Injection-related AEs, all occurring within two weeks post-administration.

Phase III Clinical Study of Human Thyrotropin Beta for Injection for Radioiodine Remnant Ablation in Postoperative Patients with DTC (NCT04964284; CTR20211448)

This study is to evaluate the efficacy and safety of human thyrotropin beta for injection for radioiodine remnant ablation in postoperative patients with DTC. Approximately 378 eligible participants will be enrolled and randomized in a 1:1 ratio to either the rhTSH group or the control (thyroid hormone withdrawal) group. Both groups will receive radioiodine ablation followed by a whole-body scan. The control group will then resume thyroid hormone replacement therapy. After 29 weeks of follow-up, all participants will undergo thyroid hormone withdrawal, after which stimulated thyroglobulin testing and a whole-body scan will be performed. The primary endpoints are the ablation success rate, as assessed by an Independent Review Committee ("**IRC**") at 32 weeks (±4 weeks) post-radioiodine therapy, along with safety and immunogenicity evaluations. As of the Latest Practicable Date, this trial had met its primary endpoint and was at the BLA stage.

Our Key Drug Candidates Under Development

ZG005 (Nilvanstomig)

ZG005, a recombinant humanized anti-PD-1/TIGIT bispecific antibody, represents an innovative immuno-oncology biologic therapy with potential applications across multiple solid tumors. ZG005 is among the first drug candidates globally to enter clinical development targeting

this dual checkpoint mechanism. As of the Latest Practicable Date, no drug of the same mechanism has been approved worldwide, highlighting its novel design and potential to address significant unmet medical needs. By simultaneously blocking PD-1 and TIGIT, two synergistic immune checkpoints, ZG005 enhances tumor immunotherapy, addressing the limited response rates and resistance observed with PD-1 monotherapy. As of the Latest Practicable Date, we had initiated Phase III clinical trials of ZG005 in combination with etoposide and cisplatin for the first-line treatment of advanced NEC, and ZG005 in combination with bevacizumab for the first-line treatment of advanced hepatocellular carcinoma.

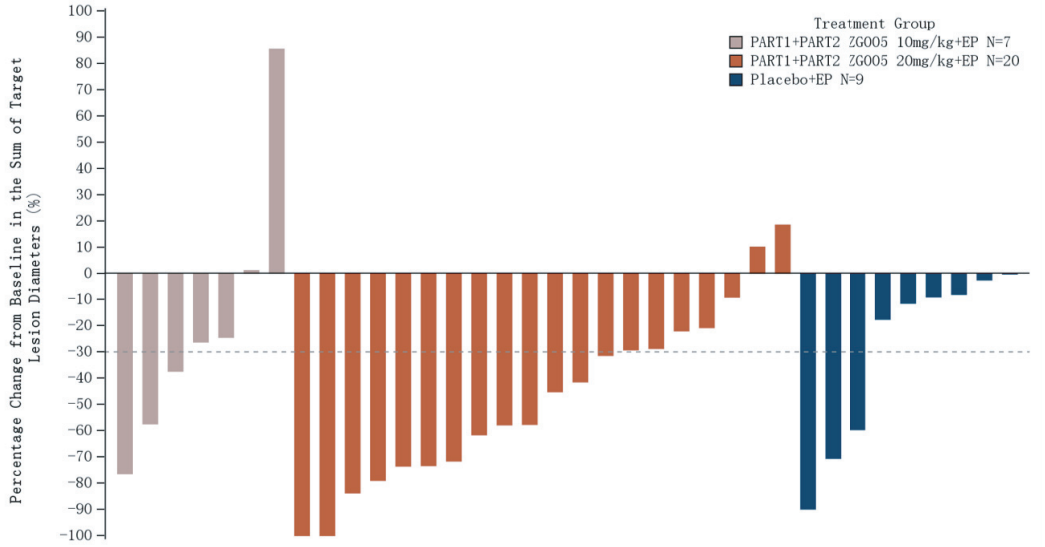
Drug Design and Mechanism of Action

A bispecific antibody with dual anti-PD-1 and anti-TIGIT activities is a promising bifunctional molecule for advanced tumors as a blockage of these two pathways simultaneously could synergistically activate T cells and enhance the anti-tumor activity of NK cells. ZG005 can effectively block the signaling pathway between PD-1 and its ligand PD-L1 to promote T cell activation. ZG005 can also block the signaling pathway between TIGIT and its ligand PVR to promote activation and cytokines secretion in T cells and NK cells. Blocking two targets simultaneously can synergistically boost the ability of the immune system in killing tumor cells. ZG005 has a unique amino acid sequence, including: (i) IgG4 subtype backbone that can reduce the potential risk of triggering Fc effector function and its side effects and (ii) an S228P mutation that can prevent Fab exchange in IgG4 subtype antibodies and enhance antibody stability. With our innovative and sophisticated design and proven by preclinical and early stage clinical results, ZG005 has the potential to overcome clinical challenges encountered by the combination of individual anti-PD-(L)1 and anti-TIGIT antibodies both in efficacy and safety.

Clinical Milestone and Development

Phase I/II Clinical Trial in First-Line Advanced NEC (NCT06372626; CTR20241328)

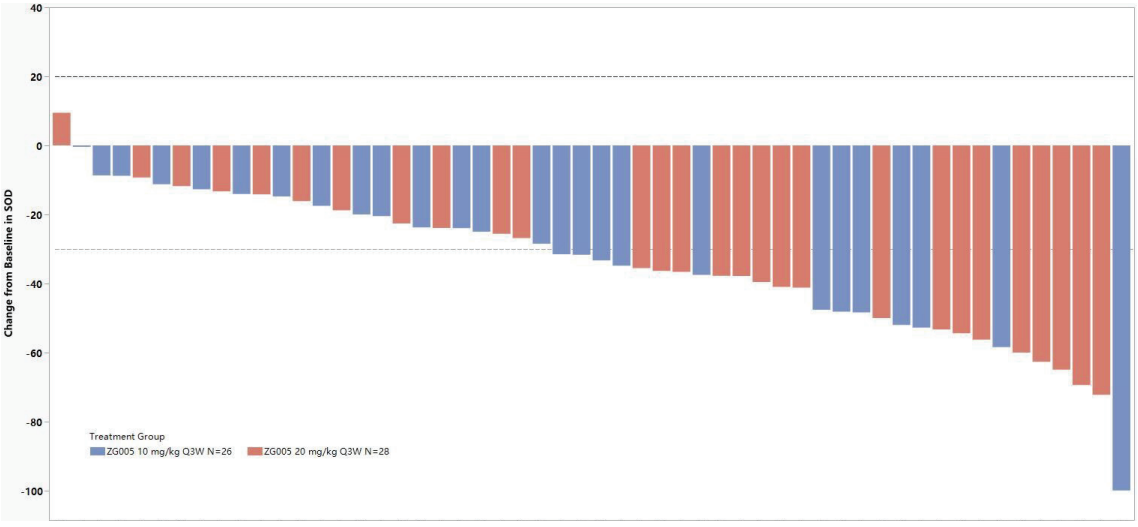
As of August 20, 2025, a total of 84 participants had been enrolled. 92.9% of patients had a Ki-67 proliferation index of over 55%, and 64.3% of the patients had liver metastases. Among 36 participants who had undergone at least two post-baseline efficacy assessments, the confirmed ORR was 42.9% (3/7) in the ZG005 10 mg/kg + EP group, 65.0% (13/20) in the ZG005 20 mg/kg + EP group, and 33.3% (3/9) in the placebo + EP group. The DCR for the three groups were 85.7%, 100%, and 100%, respectively. The following waterfall plot sets forth the best change from baseline in sum of target lesions:



In the two ZG005 + EP groups, the most common TRAEs (≥20%) were decreased neutrophil count, decreased white blood cell count, anemia, decreased platelet count, and fatigue, with the majority of incidence rates being lower than those in the control group. Most TRAEs related solely to ZG005 were laboratory abnormalities.

Phase I/II Clinical Trial in Combination with chemotherapy with or without bevacizumab as First-Line Treatment for Advanced Cervical Cancer (NCT06241235; CTR20234267)

The trial contains two parts. In the part one, the escalating doses were 10 mg/kg and 20 mg/kg. In the part two, participants were randomized at 1:1 ratio to receive ZG005 at 10 mg/kg or 20 mg/kg in combination with the standard chemotherapy, with or without bevacizumab every three weeks for six cycles, followed by the maintenance therapy of ZG005 with or without bevacizumab for up to two years. As of April 23, 2025, a total of 60 participants had been enrolled for both parts, including 13 participants in the part one and 47 patients in the part two. Of the 54 participants evaluable for efficacy, the unconfirmed ORR was 65.4% for the 10 mg/kg group and 82.1% for the 20 mg/kg group, demonstrating an encouraging anti-tumor activity. Additionally, the DCR reached 96.2%. With respect to safety, both groups demonstrated favorable tolerability and safety profiles. TRAEs occurred in 88.3% of participants, the majority of which were Grade 1-2. No permanent treatment discontinuations or deaths related to ZG005 were reported in either group. The following water plot sets forth the best percentage change in target lesion size from baseline within the cervical cancer cohort:



Phase II Clinical Trial in Advanced Hepatocellular Carcinoma (NCT06558227; CTR20243067)

ZG005 plus bevacizumab *vs.* sintilimab plus bevacizumab biosimilar (IBI305) as first-line therapy for advanced HCC, a randomized, open-label, multi-center, phase II trial has been initiated in China. Patients with aHCC who had not previously received any systemic treatment were randomized 1:1:1 to either ZG005 10 mg/kg arm, ZG005 20 mg/kg arm, or Sintilimab 200 mg arm until no clinical benefit or unacceptable toxicity. The primary endpoint was IRC-assessed PFS per RECIST v1.1. As of March 16, 2026, a total of 95 patients had been enrolled in the trial. In terms of efficacy, both the 20 mg/kg and 10 mg/kg ZG005 dose groups demonstrated statistically significant improvements compared with the positive control group, with the risk of disease progression or death reduced by 65% and 59%, respectively. In terms of safety, both ZG005 dose groups exhibited favorable tolerability and safety profiles. All adverse events observed were expected, and the incidence of common adverse events was generally comparable across the three treatment groups, with most being Grade 1 or Grade 2.

ZG006 (Alveltamig)

ZG006, a trispecific TCE targeting two distinct DLL3 epitopes and CD3, represents the world's first trispecific antibody against DLL3 (DLL3/DLL3/CD3). ZG006 introduces a novel mechanism of action through its "dual DLL3 + CD3" design. This breakthrough approach is intended to address difficult-to-treat tumors such as SCLC and NEC, which have shown limited response to PD-1/PD-L1 therapies. The feasibility of this trispecific strategy has already been demonstrated in disclosed clinical data, underscoring our technological leadership and future development potential. ZG006 has received clinical trial approvals from both the FDA and the NMPA, has been designated as breakthrough therapies by the CDE, and has been granted orphan drug designations by the FDA. As of the Latest Practicable Date, we were advancing pivotal/Phase III clinical trials of ZG006 for the treatment of advanced NEC and extensive-stage SCLC, third-line and above as well as second line.

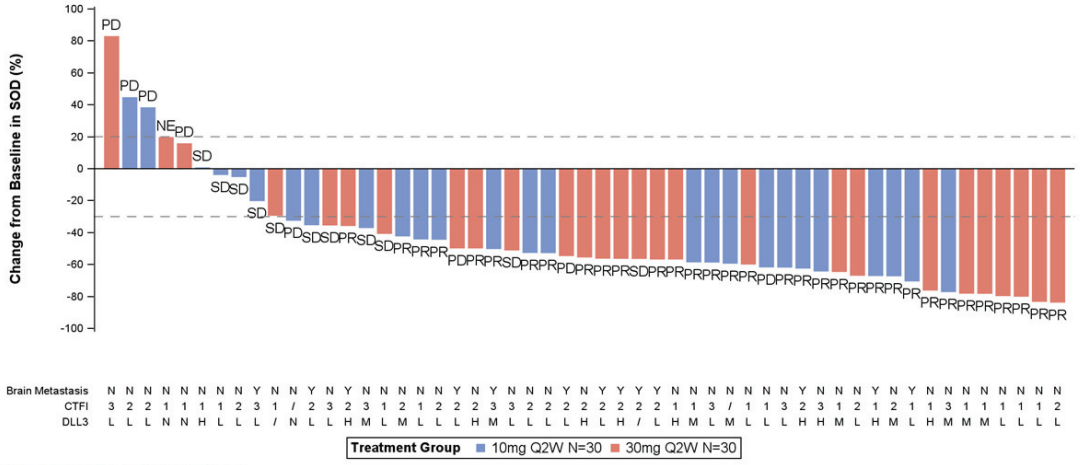
Drug Design and Mechanism of Action

The design of ZG006 sets it apart from other TCEs. It features two DLL3-binding arms targeting distinct epitopes on DLL3, creating synergistic binding that enhances DLL3 binding. ZG006 can bind two distinct epitopes on a single DLL3 molecule for high-avidity binding, or it can simultaneously bind two DLL3 molecules on the same cancer cell, creating a potential "cross-linking" effect that strengthens tumor engagement. These dual-binding mechanisms potentially ensure potent and sustained tumor engagement, particularly when DLL3 expression is low. Once bound, ZG006 brings T cells into proximity to cancer cell, forming an immune synapse where T cells become activated. Compared to Tarlatamab, ZG006 has demonstrated stronger and more sustained T cell activity, reduced T cell exhaustion, and enhanced cytokine production. This synergistic design and enhanced immune activation give us confidence that ZG006 has the potential to become an important therapy in the DLL3 landscape.

Clinical Milestone and Development

Phase II Dose-Optimization Clinical Trial in Refractory Advanced SCLC as Monotherapy (NCT06283719; CTR20240667)

The Phase II clinical trial of ZG006 as monotherapy in patients with refractory advanced SCLC was selected for a presentation at the 2026 ASCO Annual Meeting. As of March 15, 2026, a total of 60 participants with third-line or above SCLC were randomized at 1:1 ratio to receive ZG006 at 10 mg or 30 mg biweekly. In terms of efficacy, the confirmed ORR was 53.3% and 56.7% in the 10 mg and 30 mg dose groups, respectively. The median duration of response and median OS had not yet matured, with the 12-month duration of response rates of 55.9% and 52.9%, respectively, and the 15-month OS rates of 61.2% and 55.8%, respectively. In terms of safety, both dose groups exhibited favorable tolerability and safety profiles. The most common TRAEs included pyrexia, cytokine release syndrome and laboratory abnormalities, with the vast majority of TRAEs being Grade 1 or Grade 2, most of which resolved or were alleviated following symptomatic treatment.



Brain Metastasis: Y:Yes; N:No; /:Unknown.
CTFI: 1:<90 Days; 2:=>90 and <180 Days; 3:=>180 Days; 4:Not Applicable; /:Unknown.
DLL3: N:Negative; L:Low expression; M:Middle expression; H:High expression; /:Unknown.

Phase II Dose-Expansion Clinical Trial in Advanced NEC (NCT06440057; CTR20241955)

Our Phase II dose-expansion trial of ZG006 in patients with advanced NEC was selected for a presentation at the 2026 ASCO Annual Meeting. As of the March 15, 2026, a total of 64 participants with stage 2 or more advanced NEC were randomized at 1:1 ratio to receive ZG006 at 10 mg or 30 mg biweekly. In terms of efficacy, among patients with ≥50% of tumor cells exhibiting DLL3 staining of any intensity, the confirmed ORR was 33.3% and 56.3% in the 10 mg and 30 mg dose groups, respectively, while the DCR was 50.0% and 75.0%, respectively. The median duration of response was 7.36 months and 11.76 months, respectively, and the median PFS was 3.02 months and 7.06 months, respectively. The median OS was 10.19 months in the 10 mg dose group, while the mOS in the 30 mg dose group had not yet matured, with a 12-month OS rate of 75.0%. In terms of safety, TRAEs were reported in all patients, with the vast majority being Grade 1 or Grade 2. The most common TRAEs included pyrexia and cytokine release syndrome, most of which resolved or were alleviated following symptomatic treatment.

Our Other Drug Candidates Under Development

Leveraging our dual technology platforms, we are advancing a range of additional drug candidates across multiple modalities. These candidates encompass bispecific and trispecific antibodies, bifunctional fusion proteins, and small-molecule inhibitors, several of which have received IND approvals in China and the United States and are currently in Phase I or Phase II clinical trials. We set out below a description of certain of our other drug candidates:

ZGGS18, a recombinant humanized bifunctional fusion protein targeting VEGF/TGF-β, is designed to specifically bind VEGF and trap TGF-β, thereby exerting multiple synergistic anti-tumor effects, including inhibition of tumor angiogenesis and reduction of metastatic progression. In addition, ZGGS18 modulates and improves the tumor microenvironment, creating conditions that enhance immune-mediated tumor killing. This mechanism provides strong potential for combination use with immunooncology agents such as anti-PD-1/PD-L1 antibodies and our proprietary anti-PD-1/TIGIT bispecific antibody ZG005. Through these complementary actions, ZGGS18 is expected to deliver enhanced therapeutic benefit in solid tumors and represents a differentiated innovation within our biologics pipeline. As of the Latest Practicable Date, we were advancing a Phase I/II clinical trial of ZGGS18 for advanced solid tumors in China (CTR20222300).

ZGGS34 is a trispecific T cell engager designed to simultaneously target MUC17, CD3 and CD28. It is designed to bind a specific epitope of MUC17 on the surface of tumor cells and CD3/CD28 on T cells, thereby bringing T cells into close proximity with tumor cells, promoting immune synapse formation and activating T cell-mediated tumor cell killing. At the same time, CD28 can also enhance the proliferation activity of T cells and prolong their survival time, thereby improving the intensity and durability of the anti-tumor response. Preclinical studies have demonstrated that ZGGS34 exhibits significant anti-tumor activity across multiple tumor models, including the induction of tumor regression, indicating a potent tumor-killing effect. ZGGS34 has received IND approval in both China and the United States, and we have initiated a Phase I/II dose-escalation and cohort expansion trial of ZGGS34 in patients with advanced MUC17-positive solid tumors in China (NCT07258121; CTR20254644).

ZGGS15 is a humanized bispecific antibody targeting LAG-3 and TIGIT for advanced solid tumors. Designed to simultaneously block lymphocyte-activation gene 3 ("**LAG-3**") and TIGIT, ZGGS15 demonstrated significant tumor growth inhibition as a monotherapy in preclinical studies, while its combination with an anti-PD-1 antibody showed superior anti-tumor efficacy compared with combinations involving either anti-LAG-3 or anti-TIGIT monospecific antibodies. ZGGS15 also exhibited favorable pharmacokinetic characteristics and safety profiles in non-human primates. We received IND approvals from the NMPA and the FDA in February 2023 and June 2023, respectively, and we have completed the Phase I dose-escalation trial (NCT05877664; CTR20231387) employing an accelerated titration design.

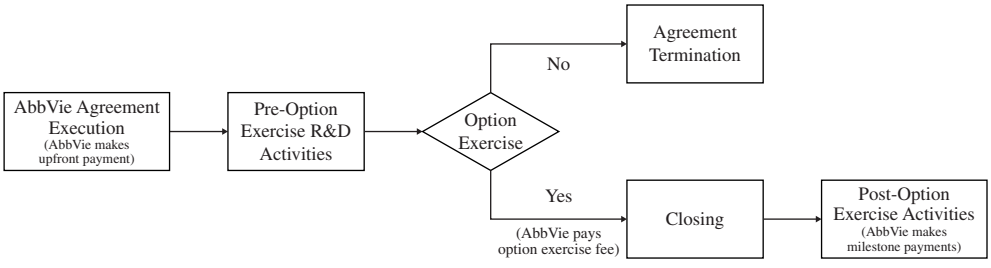
ZG2001 is an oral pan-KRAS inhibitor targeting SOS1 for KRAS-mutant solid tumors. It selectively inhibits SOS1, a key guanine nucleotide exchange factor responsible for activating multiple KRAS mutants (including G12D, G12V, and G13D) by promoting GDP-to-GTP exchange. Preclinical studies demonstrated potent anti-tumor activity as monotherapy and synergistic effects when combined with KRAS G12C, MEK, or EGFR inhibitors, supporting its potential in combination regimens. We obtained IND approvals from the NMPA and the FDA in April 2023 respectively to initiate Phase I clinical trials of ZG2001 in patients with advanced KRAS-mutant solid tumors (NCT06237413; CTR20231788). We have completed dose escalation and are currently analyzing final safety and PK data to determine the maximum tolerated dose ("**MTD**") and recommended Phase II dose.

ZG0895 is a novel, highly selective small-molecule TLR8 agonist for advanced solid tumors, head and neck squamous cell carcinoma, nasopharyngeal carcinoma, ovarian carcinoma, and urothelial carcinoma. Preclinical studies showed significant tumor regression in multiple *in vivo* models. ZG0895 also exhibited favorable pharmacokinetic properties following subcutaneous administration, with limited systemic immune activation, supporting a favorable safety profile and therapeutic potential. As of the Latest Practicable Date, no highly selective TLR8 agonist has been approved globally, positioning ZG0895 as a novel therapy in immuno-oncology and possibly antiviral applications such as chronic hepatitis B. We obtained IND approvals from the NMPA in April 2023 and the FDA in May 2023 respectively to initiate first-in-human Phase I clinical trials in patients with advanced solid tumors (NCT05877664; CTR20231438). We have completed the Phase I clinical trial in China.

ZG2273 is a highly active and orally bioavailable pan-RAS(ON) molecular glue inhibitor with a distinct mechanism of action. By forming a ternary complex with the intracellular chaperone protein cyclophilin A ("**CypA**") and RAS proteins in their GTP-bound (ON) state, ZG2273 prevents RAS from interacting with downstream effector proteins such as RAF. As a result, ZG2273 blocks oncogenic downstream signaling pathways, thereby inhibiting tumor cell proliferation and survival. The mechanism of action of ZG2273 creates a new opportunity for broad-spectrum targeting of RAS(ON) and represents a potentially significant advancement in the field of oncology therapeutics. Additionally, preclinical studies of ZG2273 have demonstrated favorable pharmacokinetic properties, significant anti-tumor efficacy and a controllable safety profile, indicating substantial therapeutic potential for the treatment of RAS-driven cancers.

OUR COLLABORATION AND LICENSE ARRANGEMENT

On December 30, 2025, we entered into the AbbVie Agreement, pursuant to which we granted AbbVie, an Independent Third Party, an exclusive option to obtain an exclusive license to develop, manufacture, commercialize or otherwise exploit ZG006 and any product containing ZG006 (the "**ZG006 Licensed Products**") in all countries or jurisdictions worldwide outside Chinese Mainland, Hong Kong, and Macau (the "**AbbVie Territory**"). AbbVie is a corporation incorporated under the laws of Bermuda and a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV), a global biopharmaceutical company headquartered in the United States with a broad and diversified product portfolio spanning immunology, oncology, neuroscience and aesthetics. We became acquainted with AbbVie through business development initiatives and recognized the strategic alignment between ZG006 and AbbVie's oncology pipeline. The following diagram illustrates the collaboration framework between AbbVie and us.



Under the AbbVie Agreement, AbbVie may exercise the option at any time during the option exercise period, in its sole discretion and without any obligation to do so, by delivering a written option exercise notice to us. The option exercise period will expire upon the later of the lapse of the applicable agreed periods following (i) completion of the combination study (being a clinical study of ZG006 in combination with AbbVie's proprietary compound to be conducted by AbbVie at its sole cost and expense), subject to an agreed outside date; and (ii) delivery to AbbVie of the final and complete data package comprising the material data and results from our pre-option development activities. AbbVie has a one-time right to extend the option outside date for an agreed period upon prior written notice, which triggers a non-refundable extension payment payable by AbbVie to us. The effectiveness of the option exercise is subject to satisfaction or waiver by AbbVie of applicable conditions precedent, including receipt of required antitrust or foreign investment clearances and human genetic resources approvals, absence of material adverse effect, and continued accuracy of our representations and warranties and compliance with applicable covenants. The option effective date is the business day following satisfaction or waiver of all conditions precedent.

Upon the option becoming effective, AbbVie will have the exclusive right, at its own cost and expense, to develop, manufacture and commercialize ZG006 Licensed Products in the AbbVie Territory, subject to the applicable development and commercialization plans and its agreed diligence obligations. We will retain rights to develop, manufacture and commercialize ZG006 Licensed Products within Chinese Mainland, Hong Kong and Macau, and will continue to perform the development activities allocated to us under the AbbVie Agreement. We are also responsible for transferring to AbbVie relevant know-how relating to the then-current manufacturing process for the licensed compounds and products.

AbbVie and we have established a joint governance committee (the "**JGC**") comprising three representatives from each party to review, discuss and oversee the parties' activities and progress with respect to the development of ZG006 Licensed Products. The JGC meets on a quarterly basis or as otherwise agreed by the parties, with each party having one vote regardless of the number of representatives attending. If the JGC is unable to reach consensus on any matter, such matter may be escalated to the senior officers of the parties for resolution in good faith. As of the Latest Practicable Date, no matter had been escalated to the senior officers as a result of the JGC's failure to reach consensus.

Pursuant to the AbbVie Agreement, AbbVie agreed to pay us a non-refundable upfront payment of US$100.0 million in consideration of the option. We are also eligible to receive clinical development milestone and option-related payments of up to US$60.0 million in aggregate. Following exercise of the option, we are further eligible to receive up to an aggregate of US$1,075.0 million upon the achievement of specified clinical development, regulatory and commercial milestones. In addition, we are also entitled to receive tiered royalties at percentages ranging from high-single-digit to mid-double-digit on annual net sales (being the gross sales of ZG006 Licensed Products less certain customary deductions such as trade discounts, rebates, returns and applicable taxes) of ZG006 Licensed Products in the AbbVie Territory, on a country-by-country basis. As of the Latest Practicable Date, we had received the upfront payment of US$100.0 million.

Intellectual property under the AbbVie Agreement will be allocated in accordance with the ownership arrangements agreed between the parties. Intellectual property that is generated, developed or conceived solely by one party in the course of performing activities under the AbbVie Agreement will be owned exclusively by that party, while intellectual property that is jointly generated, developed or conceived by both parties will be jointly and equally owned. We have licensed to AbbVie certain patents that we consider material to the development, manufacture, commercialization and other exploitation of the ZG006 Licensed Products in the AbbVie Territory, while we retain ownership of such patents. In addition, AbbVie is granted rights to prosecute, maintain and enforce certain licensed patents relating to ZG006 Licensed Products, subject to agreed procedures and cost allocation arrangements between the parties.

The AbbVie Agreement will remain in effect from its effective date until the earlier of (i) the expiration of the option exercise period if AbbVie does not exercise the option; and (ii) the expiration of the applicable royalty terms for the last country in the AbbVie Territory, unless earlier terminated in accordance with its terms, after which the licenses granted to AbbVie will become fully paid-up, royalty-free, perpetual and irrevocable. Either party may terminate the AbbVie Agreement for material breach by the other party, subject to notice and cure periods, or upon the occurrence of specified insolvency or bankruptcy events. In addition, AbbVie may terminate the AbbVie Agreement for specified regulatory or serious safety issues, or for convenience upon prior written notice.

RESEARCH AND DEVELOPMENT

Our R&D Centers, Team and Capabilities

Our R&D activities are primarily conducted through our R&D centers in Kunshan and Shanghai, PRC.

Our Kunshan R&D Center, located in the Kunshan High-tech Industrial Development Zone (昆山高新技術產業開發區), focuses on the research and development of recombinant protein drugs and antibody drugs. This center has capabilities that include molecular biology, cell biology, pilot-scale cell culture, protein purification, lyophilization, and quality control, and capacity to generate multiple IND filings. A kilo-lab for APIs, a pilot production laboratory for tablets/capsules and quality control laboratory have been also established in Kunshan.

Our Shanghai R&D Center, located in Zhangjiang Science City (張江科學城), is equipped with small-molecule drug synthesis, formulation development and analysis laboratories, which can complete R&D work include new drug design, synthesis, screening, process development and process optimization, quality control et al. Our Preclinical Department, Clinical Operation Department, Medical Department, Statistics Department and Regulatory Department are located in Shanghai thus forming a complete R&D system for CMC research, preclinical and clinical research.

Our R&D team comprised of experts with extensive experience in drug discovery, CMC research, preclinical development, clinical development, drug registration regulatory affairs and post-market research, covering the entire R&D cycle. Our core R&D team members have an average of over 20 years of experience in advancing drug discovery and development in renowned MNCs and domestic biopharmaceutical companies, as well as renowned research institutes. We primarily rely on our R&D team for the development of drug candidates, ultimately bringing them to market in a timely and cost-effective manner. As of June 30, 2026, our R&D department consisted of 325 full-time employees, over 41% of whom held master's or higher degrees.

Our R&D team is led by Dr. Sheng Zelin, PhD, the visionary founder of our Group, who also serves as the chairman of our Board, the general manager, and the executive Director of our Company. With over 30 years of experience spanning academic research, global pharmaceutical R&D, and biotech entrepreneurship in both the U.S. and China, Dr. Sheng has held scientific and leadership roles across multinational pharmaceutical companies, academic institutions, and domestic biotechs. He previously served as the chief operating officer of Egret Pharma (Shanghai) Co., Ltd. (白鷺醫藥技術(上海)有限公司) and as a senior research scientist at Bristol Myers Squibb, where he led drug discovery programs in cardiovascular and metabolic diseases. Earlier, he obtained a doctoral degree in pharmacology from the University of Miami and conducted postdoctoral research at the University of California, San Diego. Dr. Sheng has extensive end-to-end expertise across the entire drug development value chain, including the establishment of integrated drug development platforms and the advancement of innovative therapeutics from early-stage discovery to commercialization, and has demonstrated sound strategic judgment in development planning and decision-making. See "Directors and Senior Management — Directors — Executive Directors" for more details.

In addition to Dr. Sheng, our core R&D team members include:

- Dr. Lyu Binhua, our executive Director, executive vice president, deputy general manager and chief scientific officer, is primarily responsible for our new drug R&D and operational management. Dr. Lyu is a veteran medicinal chemist with nearly 20 years of experience in innovative drug R&D. Dr. Lyu has been instrumental in advancing several proprietary kinase inhibitors, targeted therapies and bispecific/trispecific antibodies from hit identification through IND-enabling studies, playing a pivotal role in building our diversified pipeline.

- Mr. Wu Jisheng, our deputy general manager and chief medical officer, oversees our new drug clinical development and regulatory registration affairs. Mr. Wu has over 30 years of experience in clinical medicine, with extensive expertise in the design and execution of global clinical trials, the management of CRO partnerships, and the leadership of regulatory submissions in the United States, the European Union and China.

- Dr. Zhu Andrew Xiuxuan, our president of global clinical development, is an internationally recognized expert in hepatobiliary oncology with over 30 years of experience in biopharmaceutical industry. Dr. Zhu has led multiple international Phase III clinical trials and contributed to the approval of several drugs in multiple countries. He has also participated in the formulation of multiple international clinical guidelines in the field of hepatobiliary diseases and has extensive experience in research and development as well as operation and management.

- Dr. Peng Jian, our executive vice president of clinical development and registrational strategy, is a seasoned expert in oncology clinical development strategy formulation and regulatory submissions, with nearly 30 years of experience across drug discovery, regulatory affair and pharmaceutical industry. He previously held senior leadership roles at the CDE, where he was engaged in technical review and the formulation of clinical guidelines.

- Mr. Zhang Bin, our vice president of biologic drug development. Mr. Zhang brings deep expertise in biologics discovery and development, having near 20 years of experience in biotech companies. He has been instrumental in advancing multiple innovative therapeutic candidates through early-stage development and into clinical trials, contributing significantly to the expansion of our pipeline across oncology and hemostasis diseases.

- Mr. Wu Liqing, our vice president of clinical operation, has broad experience in clinical operation. His expertise in designing and executing complex clinical programs supports our efforts to deliver high-value therapies to patients, contributing to the successful registration and commercialization of multiple innovative drugs.

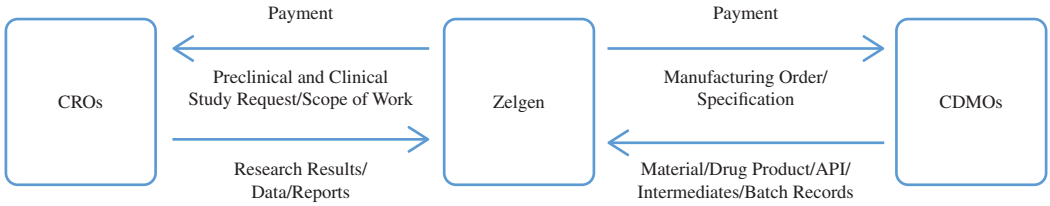
In 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, our R&D expenses were RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million, respectively. See "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — R&D Expenses" for more details.

Our R&D Collaborations

Collaboration with external R&D partners is a major component of our R&D strategy. We place great emphasis on our cooperative relationships with a variety of trial sites and principal investigators ("**PIs**"), maintaining long-term scientific research partnerships with prominent

Tier-III medical institutions and a nationwide network of clinical experts. These collaborations allow us to merge research expertise with practical insights, catalyzing innovation and propelling R&D advancements in various fields.

While we primarily rely on our in-house R&D capabilities to manage and conduct preclinical and clinical studies of our investigational products, in accordance with industry practices, we still engage CROs to support product development, including both preclinical and clinical studies. For preclinical research, we typically engage CROs to perform services such as small-molecule computational modeling, molecular fragment screening and compound full-time equivalent synthesis, as well as *in vitro* and *in vivo* pharmacology, pharmacokinetics and safety evaluations. For clinical trials, we typically engage CROs to support services such as clinical PK testing, immunogenicity testing, biomarker testing, clinical statistical analysis, imaging assessments and electronic common technical document preparation. The following diagram illustrates the typical collaboration arrangements between us and our CROs and CDMOs.



Going forward, we expect to continue engaging CROs to support certain aspects of our preclinical and clinical studies based on the needs of our development programs. We usually sign framework agreements with CROs and issue project-specific statements of work. The below sets forth key terms of our framework agreements with CROs:

- ***Services.*** The CROs shall provide high-quality services to us, including the implementation and management of a preclinical or clinical research project as specified in the agreement.

- ***Term.*** The CROs are required to perform their services and complete the research project within the prescribed time limit set out in each agreement or work order, usually on a project basis.

- ***Payments.*** We are required to make payments to the CROs in accordance with the payment schedule agreed by the parties.

- ***Intellectual property rights.*** We own all intellectual property rights arising from the clinical research projects conducted by the CROs within the stipulated work scope.

- ***Confidentiality.*** Our CROs are not allowed to disclose confidential information, including but not limited to, any information or data related to research, development, processes and protocols as specified in the agreement, and such obligation generally survives for a specified period.

We select CROs based on their qualifications, reputation and accomplishments, experience in conducting preclinical or clinical research on similar pharmaceutical products, research and project management capabilities and resources, as well as their testing facilities.

The following table sets forth the total numbers of and expenses incurred for our CROs during the Track Record Period:

	Number of CROs	Expenses incurred for CROs
		(RMB'000)
As of/six months ended June 30, 2026	53	51,230.0
As of/year ended December 31, 2025	57	69,461.4
As of/year ended December 31, 2024	59	63,431.6
As of/year ended December 31, 2023	69	124,026.4

The following table sets forth our top five CROs in each period during the Track Record Period:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
1	CRO A	CRO A	CRO A	CRO J
2	CRO B	CRO C	CRO C	CRO A
3	CRO C	CRO E	CRO H	CRO K
4	CRO D	CRO F	CRO I	CRO L
5	CRO E	CRO G	CRO E	CRO G

Notes:

(1) CRO A, established in 2004, is principally engaged in the provision of clinical CRO services with registered capital of RMB861.0 million. We have collaborated with it since 2012. It mainly provided us with clinical operations and data management services for multiple pipeline products, including Zepsun®, Zepuping, ZG005, and ZGGS18.

(2) CRO B, established in 2008, primarily provides clinical CRO services with registered capital of RMB96.6 million. We have collaborated with it since 2016. It mainly provided us with services including bioanalytical testing, clinical pharmacology support and SMO on-site management services for multiple clinical projects.

(3) CRO C, established in 2000, provides integrated new drug R&D and manufacturing services with registered capital of RMB2,933.3 million. We have collaborated with it since 2011. It mainly provided us with pre-clinical CRO services, including pharmacodynamic and pharmacological studies, and also provided SMO services for some clinical studies.

(4) CRO D, established in 2016, primarily provides clinical research solutions, including regulatory affairs and strategy, clinical trial operations, data management, biostatistics and clinical auditing with registered capital of US$3.6 million. We have collaborated with it since 2017. It mainly provided us with CRC services for multiple clinical projects.

(5) CRO E, established in 2013, specializes in SMO services with registered capital of RMB79.0 million. We have collaborated with it since 2021. It mainly provided us with CRC services for multiple clinical projects.

(6) CRO F, established in 2000, primarily provides pre-clinical CRO services with registered capital of RMB32.6 million. We have collaborated with it since 2010. It mainly conducted regulatory-compliant pre-clinical toxicology and safety evaluation studies for Zepuping.

(7) CRO G, established in 2010, primarily provides integrated new drug development solutions for pharmaceutical companies and research institutions with registered capital of RMB64.0 million. We have collaborated with it since 2023. It mainly provided us with clinical CRO services for Zepuping and other projects.

(8) CRO H, established in 2014, primarily provides CRC services with registered capital of RMB115.0 million. We have collaborated with it since 2019. It mainly conducted SMO services for clinical research projects of ZG005, ZG006, and Zepuping.

(9) CRO I, established in 2010, primarily provides services including early developability assessment, non-clinical pharmacology, non-clinical pharmacokinetics, non-clinical safety evaluation, clinical bioanalytical testing, and biomarker and translational research with registered capital of RMB141.0 million. We have collaborated with it since 2022. It mainly provided us with pre-clinical toxicology studies for ZG006, ZG311 and ZG2202.

(10) CRO J, established in 2008, primarily provides pre-clinical pharmacology, pharmacodynamics, and safety evaluation services with registered capital of RMB500.0 million. We have collaborated with it since 2020. It mainly provided us with toxicology, pharmacology and other laboratory testing services for multiple clinical projects.

(11) CRO K, established in 2021, primarily provides full-process multi-center clinical trial services with registered capital of US$27.0 million. We have collaborated with it since 2025. It mainly provided us with CRO services for ZG006.

(12) CRO L, established in 2013, primarily provides companion diagnostics and translational research services with registered capital of RMB89.8 million. We have collaborated with it since 2019. It mainly provided us with laboratory testing services for multiple clinical projects.

We closely monitor and manage the activities of these CROs to ensure their progress and quality, including (i) requiring CROs to comply with GXP requirements; (ii) comprehensive quality assurance, review and analysis of laboratory tests and clinical trial results and reports; and (iii) engaging third parties to audit the CROs.

Our R&D Platforms

Through over 16 years of R&D efforts, we have built two core technology platforms for innovative drug discovery: (i) small-molecule drug R&D platform, and (ii) bispecific/trispecific antibody and complex recombinant protein R&D platform. Leveraging these platforms, we had successfully developed four commercialized drugs and nine clinical-stage drug candidates (including Gecacitinib Hydrochloride Tablet with clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection with clinical programs for postoperative treatment of thyroid cancer) as of the Latest Practicable Date.

Our Small-Molecule Drug R&D Platform

We have established a small-molecule drug R&D platform that integrates advanced drug stabilization technology, structure-activity relationship screening technology, and AI-aided drug design and development. By applying these advanced technologies, we are able to reduce development risks and timelines, significantly improve the success rate of new drug discovery, and generate patented compounds with superior efficacy, optimized pharmacokinetic properties, and lower incidence of adverse effects. Among them, structure-activity relationship screening, a core methodology in drug discovery, allows us to build quantitative and qualitative models linking molecular structures to biological activities, thereby efficiently predicting and refining lead compounds through both ligand-based and structure-based design approaches. In parallel, we are harnessing AI to transform drug development, combining deep learning and generative models with traditional R&D to enhance efficiency, lower costs, and shorten development cycles. Deep QSAR techniques automatically learn molecular features to generate or select candidates with ideal pharmacological properties, while generative models create entirely new molecular structures tailored to desired activity and drug-like characteristics, opening a new paradigm in drug design. Leveraging this platform, we have developed a portfolio of internationally competitive patented small-molecule drugs and candidates, including Zepsun®, Zepuping, ZG2001, ZG0895, and ZG2273.

Our Bispecific/Trispecific Antibody and Complex Recombinant Protein R&D Platform

Our bispecific/trispecific antibody and complex recombinant protein R&D platform encompasses three proprietary bispecific/trispecific antibody platforms — TriGen, CheckGen and TGen. The TriGen platform enables the development of trispecific antibodies that overcome the structural limitations of conventional Fab segments, allowing molecules to bind three distinct targets with high druggability, stability, clear mechanisms of action, and reduced off-target effects. The CheckGen platform focuses on bispecific antibodies targeting immune checkpoints and is designed to address tumor immune escape by blocking compensatory pathways and thereby

improving patient response rates compared with traditional checkpoint inhibitors. The TGen platform is dedicated to novel bispecific antibody molecules against new targets, generating candidates that can be used as monotherapies, in combination with each other, or alongside PD-1/PD-L1 therapies.

Building on the antibody platforms, we are advancing several drug candidates currently in development — including ZG006, ZG005, ZGGS18, ZGGS34 and ZGGS15 — reflecting the breadth and depth of our pipeline. In particular, both ZG006 and ZG005 have demonstrated encouraging efficacy and safety results in Phase I/II clinical studies for oncology indications. ZGGS34 has advanced into a Phase I clinical trial in China and obtained IND approval in the United States.

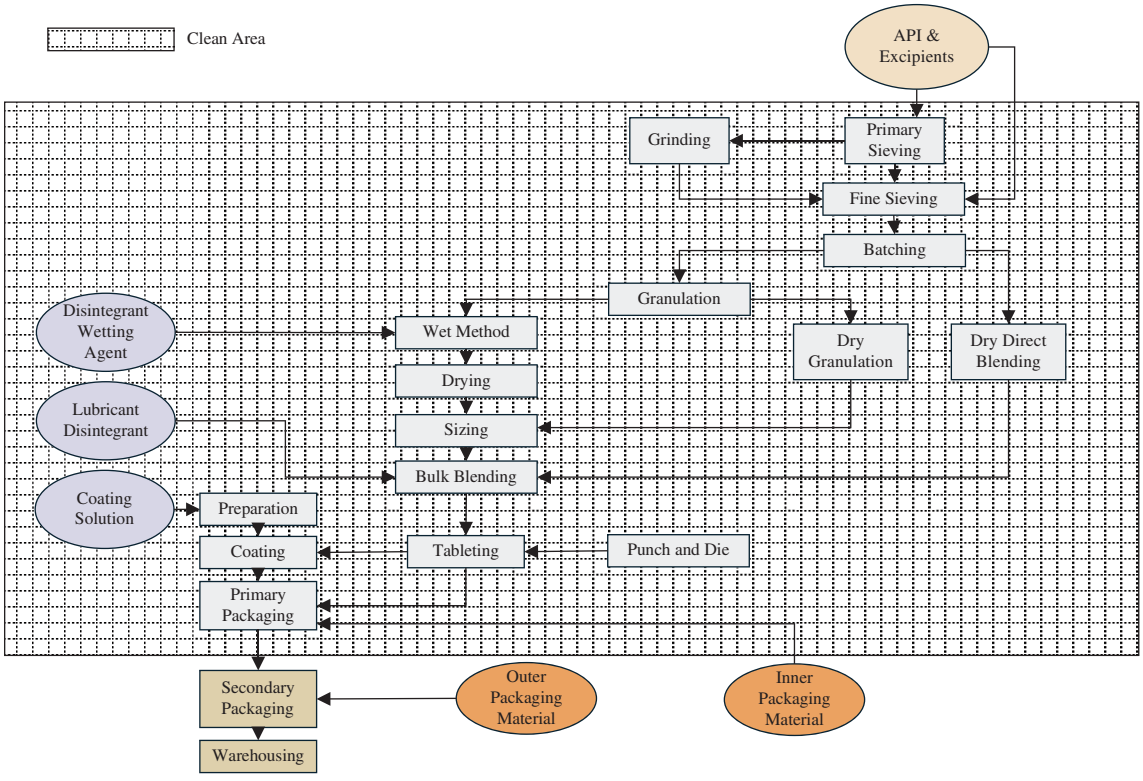
In addition to antibody innovation, we have also pioneered a complex recombinant protein platform, successfully developing high-barrier dual-chain protein therapies such as Zepuning and Zesuning, which fill critical gaps in the domestic market and provide us with unique competitive advantages.

PRODUCTION AND QUALITY CONTROL

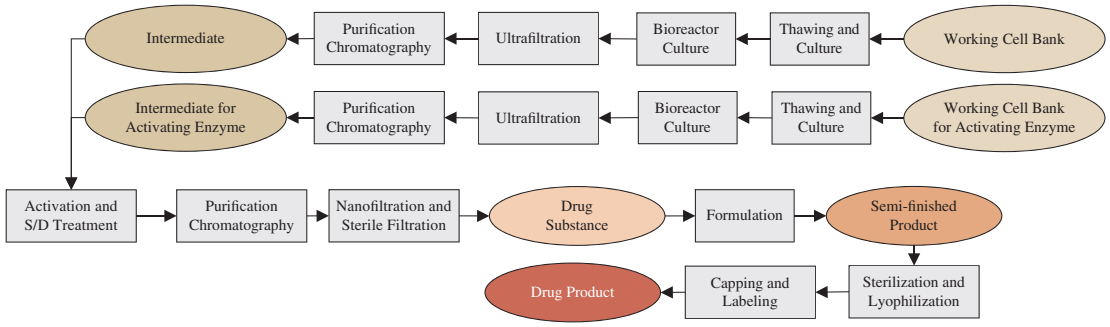
We have established comprehensive in-house manufacturing capabilities covering the production of chemical drug tablets and capsules, as well as drug substances and drug products of recombinant protein drugs. During the Track Record Period and up to the Latest Practicable Date, all of our commercialized drugs were produced in-house. During the Track Record Period and up to the Latest Practicable Date, we obtained production licenses for our production facilities and production approvals for each of our products manufactured in-house. See "— Licenses, Permits and Certificates" for more details about our major licenses, permits and certificates.

Production Process

We operate specific production processes for our pharmaceutical products and near-commercialization product candidates. Our tablet production process mainly consists of granulation, drying, sizing, blending, tableting, film coating, primary packaging, and secondary packaging. The detailed manufacturing workflow is illustrated in the following diagram. The following diagram summarizes the major steps of our production process of tablets.



Our recombinant protein drug manufacturing process mainly consists of three key stages: cell culture, protein separation and purification, and formulation production. For instance, the following diagram illustrates the major steps of our production process of Zepuning:



Production Facilities

Our production activities are currently carried out at our facilities located at Kunshan, Jiangsu Province. We operate three production facilities comprising several production workshops equipped with corresponding production lines. These facilities support the production of all four of our commercialized drugs. In addition, we have established a new antibody drug production facility, which had passed the completion acceptance inspection as of the Latest Practicable Date, further enhancing our capacity for future commercial production of innovative antibody drugs, including ZG005, ZGGS18, and other antibodies under research and development.

Our existing chemical preparation production facilities have sufficient capacity to meet the volume growth of market supply demand. The current production capacity of biological products can satisfy the market demand for two to three years after the products obtain approval, and the company will also expand the production scale accordingly as product sales increase (e.g., adopting bioreactors with larger volumes). We are capable of adjusting production capacity in accordance with market demand to meet such demand and achieve sales targets. All of our key equipment is of high quality, which can provide production support and quality assurance that comply with industry requirements, as well as improve production efficiency.

As of the Latest Practicable Date, we believe our facilities and equipment are in good working condition. We conduct regular maintenance and repair work in compliance with the regulatory requirements. The following table sets forth a summary of our production facilities as of the Latest Practicable Date:

Facility	Function	Site Area	GFA	Drug Workshop	Major Products/Drug Candidates Produced
		(sq.m.)	*(sq.m.)*		
Facility A	Solid preparations production	3,424.0	823.0	Solid preparations workshop 1	Zepsun®
			830.3	Solid preparations workshop 2	Zepuping
	Warehousing		1,898.3	Warehouse	/
	Quality Control		890.0	Quality control laboratory	/
	Engineering	875.2	1,670.1	Engineering building	/

Facility	Function	Site Area	GFA	Drug Workshop	Major Products/Drug Candidates Produced
		(sq.m.)	*(sq.m.)*		
Facility B	Antibody drug production	4,627.7	1,412.0	Drug substance workshop	ZG005 and ZGGS18 drug substance
			1,790.0	Antibody drug product workshop	ZG005 and ZGGS18 drug product
		3,454.1	10,066.2	Warehouse	N/A
		2,199.4	8,038.8	Engineering building	N/A
Facility C	Recombinant protein drug production	1,257.2	677.1	Recombinant protein (Recombinant Human Thrombin) drug substance workshop	Zepuning drug substance
			729.2	Recombinant protein (rhTSH) drug substance workshop	Zesuning drug substance
			399.5	Recombinant protein (Recombinant Human Thrombin & Human Thyrotropin beta for Injection) drug product workshop	Freeze-dried drug product

The following table sets forth the designed production capacity, actual production volume and utilization rates of the production lines which are used in the production of our major products as of the dates and for the periods indicated.

		As of the year Ended December 31,									As of the Six Months Ended June 30,		
		2023			2024			2025			2026		
Production lines	Unit	Designed production capacity[1]	Production volume	Utilization rate[2]	Designed production capacity[1]	Production volume	Utilization rate[2]	Designed production capacity[1]	Production volume	Utilization rate[2]	Designed production capacity[1]	Production volume	Utilization rate[2]
				(%)			(%)			(%)			(%)
Oral solid preparation form Zepsun®	10,000 tablets	10,000	1,440	14.4	10,000	1,800	18.0	10,000	1,482	14.8	10,000	320	3.2
Oral solid preparation form Zepuping	10,000 tablets	5,000	100	2.0	5,000	60	1.2	5,000	140	2.8	5,000	300	6.0
Recombinant protein drug Zepuning	10,000 vials	N/A	N/A	N/A	40	16	40.0	60	60	100.0	60	28	46.0
Recombinant protein drug Zesuning	10,000 vials	N/A	N/A	N/A	N/A	N/A	N/A	3.6	0	0	3.6	0.4	12.0

Notes:

(1) Production capacity relates to the designed annual production capacity of our production facilities in operation at the end of the period, which may not be a constant variable throughout the period. Our annual production capacity is generally calculated based on number of production personnel multiplied by designed production rate.

(2) Utilization rate is calculated by dividing the production volume by the designed production capacity. The overall low utilization rates were primarily attributable to the early stage of commercialization of our products, as market penetration and sales ramp-up were still in progress, and our production capacity was built in anticipation of future demand.

Our production plan is devised based on an annual, monthly and quarterly rolling forecasts of market demand at the beginning of each year with reference to historical sales records and anticipated level of sales orders, which will be adjusted in accordance with actual demand and inventory levels. See "— Inventory Management" for more details.

Collaborations with CDMOs

During the Track Record Period, we outsourced certain manufacturing activities to CDMOs for preclinical and clinical supply of certain of our drug candidates, such as ZG005, ZG006, ZGGS18, ZGGS15 and ZGGS34, as well as API for Zepsun® and Zepuping. See "— Research and Development — Our R&D Collaborations" for more details about our collaboration arrangements with CDMOs. Going forward, we expect to continue engaging CDMOs to provide services including the custom synthesis of small-molecule intermediates and APIs, as well as drug substance and drug product manufacturing for certain of our drug candidates and commercialized products. We select CDMOs by carefully reviewing various factors, such their qualifications, expertise, production capacity, geographic proximity, reputation, previous customers, business record, operation stability, project execution efficiency and pricing. We have adopted regulatory procedures to ensure the production qualifications, facilities and processes of CDMOs comply with the relevant regulatory requirements and our internal quality management system. The below sets forth key terms of our framework agreements with CDMOs:

- *Services.* The CDMOs provide us with manufacturing services according to cGMP requirements, quality standards and prescribed time frame as set out in the master agreement or work order.

- *Quality control.* The CDMOs are obliged to ensure that the quality of products meets the quality standards set out in the agreement and requirements of cGMP and other regulations, and to provide certificate of analysis.

- *Payments.* We are required to make payments to the CDMOs in accordance with the payment schedule set forth in the agreement, which is typically linked to the stages of the manufacturing process and the deliverables we receive.

- *Intellectual property rights.* We own all product-related intellectual property rights arising from the outsourced manufacturing processes.

- *Confidentiality.* Our CDMOs are not allowed to disclose confidential information, including but not limited to any technical materials, research reports or trial data related to the project as specified in the agreement, and such obligation generally survives for a specified period.

- *Remedies for non-conforming products.* If the CDMOs fail to deliver products or comply with substantial obligations due to its own reasons under the relevant agreement, we are entitled to terminate the agreement and request liquidated damages and compensation for losses due to the failure according to the work order.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the number of CDMOs we collaborated with was 12, 12, 13 and 11, respectively.

The following table sets forth a breakdown of the expenses incurred for our CDMOs by function during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Development-related CDMO expenses	14,924	27,535	29,332	466
Manufacturing-related CDMO expenses	45,896	55,410	31,262	48,082
Total	**60,820**	**82,945**	**60,594**	**48,548**

Among our expenses incurred for CDMOs, development-related CDMO expenses include (i) expenses incurred from engaging CDMOs for R&D activities relating to processes, formulations, analytical testing and scale-up work for pharmaceuticals, APIs, finished formulations and biologic products, which are fully recognized as R&D expenses as incurred; and (ii) R&D expenditures on capacity expansion projects for approved drugs, which would subsequently be allocated to cost of sales after registration and approval. Manufacturing-related CDMO expenses include manufacturing expenses incurred from outsourcing production to CDMOs, including production of clinical trial materials, intermediates, APIs and commercial finished drugs, which are allocated to either R&D expenses (for R&D use) or cost of sales (for commercial sale), depending on the ultimate purpose of the related activities.

The following table sets forth our top five CDMOs in each period during the Track Record Period:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
1	CDMO A	CDMO A	CDMO F	CDMO F
2	CDMO B	CDMO F	CDMO A	CDMO C
3	CDMO C	CDMO C	CDMO B	CDMO D
4	CDMO D	CDMO G	CDMO I	CDMO A
5	CDMO E	CDMO H	CDMO E	N/A

Notes:

(1) CDMO A, established in 2009, is principally engaged in the R&D of API formulations and processes, as well as the manufacturing of drug substances, with registered capital of US$116.5 million. We have collaborated with it since 2013. It mainly provided us with CDMO services for Zepsun® drug substance.

(2) CDMO B, established in 1998, primarily provides CDMO services across multiple areas, including small molecule drugs, biologics, formulations and synthetic biology, with registered capital of RMB360.6 million. We have collaborated with it since 2019. It mainly provided us with CDMO services for Zepuping drug substance.

(3) CDMO C, established in 1989, is principally engaged in drug substances, CDMO services, pharmaceuticals and related materials businesses, with registered capital of RMB1,158.4 million. We have collaborated with it since 2021. It mainly provided us with Zepsun® drug substances and ensured the timely processing of intermediates required for several small-molecule drug substances.

(4) CDMO D, established in 2022, focuses on the development and manufacturing of antibody drugs, fusion proteins and ADCs, with registered capital of RMB50.0 million. We have collaborated with it since 2023. It mainly provided us with drug substance and drug product manufacturing services for ZGGS18.

(5) CDMO E, established in 2000, primarily provides drug substances and one-stop CDMO services for innovative drugs with registered capital of RMB100.0 million. We have collaborated with it since 2012. It mainly provided us with CDMO services for the Zepsun® drug substance intermediate.

(6) CDMO F, established in 2018, focuses on biologics process development and large-scale manufacturing, with registered capital of RMB31.1 million. We have collaborated with it since 2022. It mainly provided us with commercial manufacturing services for Zepunig and manufacturing services for ZG005 and ZG006.

(7) CDMO G, established in 2009, focuses on clinical-stage drug substances and key intermediate development, process development and manufacturing, as well as new drug application services, with registered capital of RMB24.1 million. We have collaborated with it since 2020. It mainly provided us with manufacturing services for the Zepuping drug substance intermediate.

(8) CDMO H, established in 2013, primarily provides one-stop CDMO services for antibodies, linker-toxin systems and ADCs, with registered capital of RMB404.4 million. We have collaborated with it since 2020. It mainly provided us with process development of drug substance and drug product for ZG005, as well as manufacturing services for drugs used in clinical trials.

(9) CDMO I, established in 1999, primarily provides one-stop CDMO services including high-value-added specialty active pharmaceutical ingredients (anti-cancer, cardiovascular, etc.), and new drug development to domestic and international pharmaceutical companies, with registered capital of RMB173.8 million. We have collaborated with it since 2012. It mainly provided us with development of a new process for an intermediate of Zepuping.

Raw Material Suppliers and Procurement

The principal raw materials used for the production of our pharmaceutical products primarily consist of APIs, excipients, culture media, chromatography resins, packaging materials, various laboratory consumables and reagents. During the Track Record Period and up to the Latest Practicable Date, we sourced active pharmaceutical ingredients and other raw materials, ancillary materials and packaging materials for all of our pharmaceuticals from Independent Third Parties.

We adopt stringent supplier selection procedures. Potential suppliers are assessed based on various factors including their product offerings, quality, corporate management, reputation and business scale and pricing. Our suppliers are required to possess all licenses and permits necessary for their operations. We also request potential suppliers to conduct small-batch sample production and inspect the samples to determine if they meet our requirements. Only those suppliers which fulfil all our requirements are selected. We maintain an approved suppliers list and we only source raw materials from these suppliers. We conduct annual reviews of our suppliers to ensure continued compliance with our quality, regulatory and pricing standards, and remove those that fail to meet our requirements from our approved suppliers list.

We have established a procurement management system with standardized operating procedures, including the Procurement SOP, Supplier Management SOP, Material Acceptance SOP and Outsourced Business Management Measures. We have also established a management system for tendering and price comparison, under which procurements exceeding specified thresholds are subject to a formal bidding process with strict negotiation and price evaluation procedures. Procurement activities, including planning, budgeting, supplier selection and management, contract execution, material and service acceptance, inventory control, quality monitoring, financial supervision and performance evaluation, are conducted in accordance with defined procedures to ensure effective cost control and procurement efficiency.

We generally place purchase orders with our raw material suppliers on an as needed basis. The purchase price of our raw materials is primarily based on the prevailing market prices for raw materials of similar quality. We normally pay our suppliers via wire transfer. Typically, we are required to make full prepayment, or are given 30-60 days' credit terms, by our suppliers. Our suppliers are generally responsible for arranging the delivery of raw materials to our production facilities at their own costs. We are entitled to return any raw materials that do not meet our requirements.

Our principal raw materials are generally readily available in the market through a number of suppliers. We believe we have alternative sources for our principal raw materials with comparable quality and pricing. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage or delay in the supply of raw materials. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant increases in the prices of our major raw materials or fluctuations in raw material costs which had a material adverse impact on our results of operations or gross profit margins. See "Risk Factors — Key Risks Relating to Our Business and Industry — Our operations are dependent on the supply of certain raw materials. If the supply of raw materials decreases or the cost increases, our ability to conduct our business could be materially impaired and our operations, revenue and profitability could be adversely affected."

Quality Management

We believe that an effective quality control system is essential to ensure the quality of our products and for our business to thrive. Our senior management team is actively involved in formulating internal quality control policies and monitoring our overall quality control process. We have established comprehensive quality control procedures and protocols including Quality Management Review System and Quality Management Manual that span across the entire production lifecycle from raw material sourcing till the final products are delivered to customers. Our quality control department is independent from our production department and is responsible for the implementation of such procedures and protocols. Most of our quality control and assurance personnel have pharmaceutical or related educational background. We also conduct regular training so that our quality control and assurance personnel understand the regulatory requirements applicable to the operation of our production facilities. In addition, we utilize equipment and devices to inspect, test and ensure the quality of our raw materials, production-in-progress and final products.

Key aspects of our quality control and assurance procedures are as follows:

- **Raw Materials Quality Control.** We purchase raw materials used in our production only from screened and approved suppliers. See "— Production and Quality Control — Raw Material Suppliers and Procurement" for more details. We also conduct timely examination of our incoming raw materials to confirm they meet our quality requirements.

- **Product In-process Quality Control.** Our quality assurance team ensures our production processes comply with applicable regulatory requirements through SOP-based oversight and regular on-site inspections. Production operators follow standard operating and equipment procedures, and validated cleaning procedures are performed thereafter to prevent contamination or cross-contamination.

- **Final Product Quality Control.** Each batch of final products is subject to sample tests by our quality control team. Prior to delivery, our quality assurance team reviews all related documentation, such as manufacturing batch records, laboratory test results, and in-process control records. Our head of quality performs the final review, and only products approved for release by the Qualified Person may be sold.

Inventory Management

Our inventory consists primarily of finished products and production materials, including active pharmaceutical ingredients and other raw materials, reagents, and packaging materials. We perform inventory management under our ERP system to monitor each stage of the warehousing process. Our warehousing personnel are responsible for receiving inspection, warehousing, storage and distribution of production materials and finished products. All materials and products are stored in different areas in warehouse according to their storage condition requirement, properties, usage

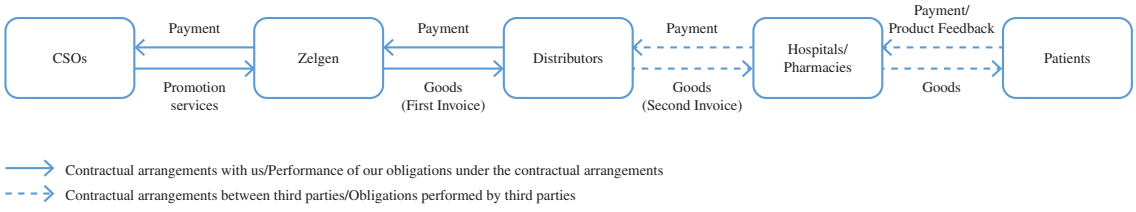
and batch number. Our warehousing personnel regularly check to ensure consistency among the raw material or product, logbook and material card. Inventory related to our commercial-scale production is managed in strict accordance with regulatory requirements.

SALES, PROMOTION AND DISTRIBUTION

We sell our products to distributors, which distribute such products to hospitals, other medical institutions and pharmacies in national markets. We maintain close partnerships with renowned pharmaceutical distributors, leveraging their strong distribution network advantages and professional large-scale logistics management systems to facilitate the commercialization and market expansion of our innovative drugs.

We develop marketing strategies tailored to ensure efficient market coverage of our commercialized drugs and drug candidates. For Zepsun® and Zepuping, we have built a specialized sales and academic promotion team responsible for the overall planning and coordination of market promotion and entered into distribution agreements with qualified distributors. We also entered into exclusive promotional collaborations with industry leaders such as Grand Life Sciences for Zepuning and Merck for Zesuning. Leveraging the extensive expertise, well-established market presence and distribution capabilities of our partners, these collaborations can enable rapid market access, significantly reducing the capital and time costs of building our own sales network while optimizing internal resource allocation and maximizing investment efficiency.

The following diagram illustrates the interactions among our CSOs, distributors, hospitals and other medical institutions, pharmacies, patients and us in connection with sales, promotion and distribution of our products in the national and overseas markets.



During the Track Record Period, we engaged CSOs on either an exclusive or non-exclusive basis, depending on the relevant product, territory and commercialization requirements. CSOs engaged by us may also provide promotion services to other pharmaceutical companies, subject to customary restrictions with respect to directly competing products. During the Track Record Period, the roles and functions of our CSOs and distributors were clearly delineated, and there was no overlap between them.

The following table sets forth the sales volume and average selling price (tax-exclusive) of our products during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Zepsun®(1)				
Sales volume (thousand boxes)	207.4	265.0	283.6	130.7
Average selling price (RMB per box)	1,849.0	2,000.0	2,123.8	2,123.4
Zepuning(2)				
Sales volume (thousand boxes)	–	2.4	493.5	383.5

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Average selling price (RMB per box)	–	615.2	328.1	309.9
Zepuping[3]				
Sales volume (thousand boxes)	–	–	5.3	33.6
Average selling price (RMB per box)	–	–	7,310.6	4,279.0
Zesuning[4]				
Sales volume (thousand boxes)	–	–	–	1.1
Average selling price (RMB per box)	–	–	–	9,153.8

Notes:

(1) Zepsun® was first included in the NRDL in January 2022 for the first-line treatment of advanced HCC, and its indication for thyroid cancer was subsequently included in the NRDL in January 2024. It remained in the NRDL throughout the Track Record Period. Following its inclusion in the NRDL in January 2022, the retail price was reduced from RMB8,266 to RMB2,592 per box, while its sales volume increased significantly from approximately 28.6 thousand boxes in the second half of 2021 (following its launch in June 2021) to approximately 173.4 thousand boxes in 2022.

(2) Zepuning was included in the NRDL in January 2025. Following its inclusion in the NRDL, the retail price was reduced from RMB1,016 to RMB373 per box, while its sales volume increased significantly from approximately 2.4 thousand boxes in 2024 to approximately 493.5 thousand boxes in 2025.

(3) Zepuping was approved for inclusion in the NRDL for the treatment of myelofibrosis with effective date on January 1, 2026.

(4) Zesuning was approved for commercialization in January 2026 for use in the follow-up of patients with DTC who have previously undergone thyroidectomy, including radioactive iodine-131 WBS and serum Tg measurement.

Sales and Promotion

In-House Sales and Academic Promotion Team

Our marketing strategies are implemented by our in-house sales and academic promotion team that are aligned across various therapeutic areas and geographic regions. Our in-house sales and academic promotion team generates market demand for our products among medical professionals primarily through its academic promotion efforts to enhance medical professionals' knowledge and understanding of the usage, clinical effects and advantages of our drug products. As of June 30, 2026, we have established a professional in-house sales and academic promotion team of over 400 members covering most provinces in China.

We regularly provide in-house and external trainings to enhance the industry knowledge and marketing skills of our sales and academic promotion team. We place particular emphasis on training our medical representatives, who are categorized into different levels based on their experience and capabilities and receive tailored mandatory and elective trainings.

We have also put in place measures and policies for our employees involved in sales and academic promotion activities, including ongoing training and signing agreements with our sales and academic promotion personnel, which contain representations and undertakings to comply with applicable PRC laws and regulations and our internal policies. See "— Risk Management and Internal Control — Internal Control" for more details.

Marketing Support

Our in-house sales and academic promotion team works closely with several other departments at the headquarters level on the promotion of our products. We believe this centralized approach enables us to continuously enhance our brand recognition, market share and market penetration in an efficient manner.

- *Marketing and medical affairs department.* Our marketing and medical affairs department serves as the strategic engine of commercialization, overseeing full-lifecycle brand and portfolio management. The team conducts in-depth clinical and competitive analysis, formulates marketing strategies, builds nationwide academic platforms, and drives medical education and academic promotion. The department also acts as the bridge between R&D and commercialization. It identifies unmet clinical needs and develop medical strategies and differentiated positioning before product lunch. After product launch, it leads post-marketing clinical studies and real-world evidence generation to guide clinical practice, while providing timely and accurate medical support through a robust medical information response system.

- *Academic promotion department.* Academic promotion department is primarily responsible for academic promotion activities for pharmaceutical products, including communicating product-related information to healthcare professionals at medical institutions, assisting in the appropriate use of pharmaceutical products, and collecting and providing feedback on clinical use, adverse drug reactions and clinical needs.

- *Government affairs department.* Our government affairs department serves as the strategic interface between our Company and the policy environment. It monitors healthcare and regulatory policy trends, assesses their business impact, and provides forward-looking strategic insights. The team supports compliance and market access initiatives, including reimbursement and other key policy processes, while maintaining constructive government relationships and contributing to industry policy discussions to reinforce our professional and responsible public image.

- *Commerce and diversification department.* Our commerce and diversification department is responsible for supply planning, market access execution, channel management, and commercial partnerships. Its core functions include sales and operations planning, tendering and listing, reimbursement coordination, accounts receivable management, and ensuring smooth product entry into hospitals, pharmacies, and other endpoints. By coordinating internal and external resources, the team ensures product availability and accessibility, supporting both sales targets and strategic market expansion.

- *Sales department.* Our sales department executes our commercial strategy in the field. It leads regional sales teams, builds hospital coverage, coordinates with CSOs, manages customer and distributor accounts and ensures compliant execution of sales activities. Through close engagement with clinicians and healthcare institutions, the team delivers product value to front-line medical staff and contributes to market penetration and revenue growth.

Academic Marketing

We place emphasis on the academic marketing and promotion of our products. We actively participate in national and regional academic conferences, seminars and symposia organized by leading medical associations. These activities, covering therapeutic areas such as HCC, myelofibrosis, surgical hemostasis, thyroid cancer diagnosis and treatment, and severe alopecia areata, aim to enhance clinical awareness of our products and strengthen our brand presence.

We conduct academic promotion mainly through third-party associations, providing medical experts and other healthcare professionals with the most updated product information regarding the usage, clinical efficacy, safety and other features of our products. We also collaborate with medical experts to support continuing medical education. All promotional activities are carried out in strict compliance with national regulations and our internal compliance policies. Our medical representatives receive regular legal and compliance training, and we conduct periodic internal inspections to ensure adherence to relevant laws and ethical standards.

KOLs

The KOLs that we collaborate with are primarily experienced medical and industry professionals with recognized academic or clinical expertise in their respective fields, typically being licensed physicians or specialists with senior professional titles. We engage such KOLs solely in connection with our clinical development activities, including clinical study design, protocol consultation, investigator participation and other research-related activities, where applicable. In addition, given their frontline clinical experience, we may also communicate with them to understand clinical needs and obtain market feedback on our products. Our Group has adopted internal policies and procedures governing collaborations with KOLs to ensure compliance with applicable laws and regulations. Collaborations with them are generally conducted under written agreements that clearly set out the scope of our collaboration and do not involve promotional or sales-related arrangements. We also provide regular compliance training to our sales and academic promotion personnel and prohibit improper promotional or benefit arrangements with KOLs.

CSOs

We have entered into collaborations with industry-renowned CSOs to promote certain of our products, such as Grand Life Sciences and Merck. Benefiting from our partners' extensive industry expertise and broad distribution networks, these collaborations help ensure rapid market access, promotion and coverage for our products while optimizing the allocation of our in-house sales and academic promotion resources. We select CSOs based on collaboration contracts, their qualifications, reputation, marketing experience, management capabilities and hospital coverage. As of June 30, 2026, we had three CSOs, two of which were engaged on an exclusive basis. Our cooperation arrangements are summarized below. As advised by Frost & Sullivan, our cooperation arrangements are in line with industry norm.

In December 2023, we entered into an exclusive commercialization service agreement with Grand Life Sciences (Liaoning) Co., Ltd. ("**Grand Life Sciences Liaoning**"), an Independent Third Party, pursuant to which we appointed Grand Life Sciences Liaoning as the exclusive commercialization service provider for Zepuning in Greater China. In June 2024, in light of a business reorganization of Grand Life Sciences Liaoning, we entered into a supplemental agreement with it and its wholly owned subsidiary Grand Life Sciences, pursuant to which Grand Life Sciences assumed and agreed to perform all rights and obligations under the original agreement. Salient terms of this agreement are set forth below:

Term. The agreement provides for a term ending 10 years after the first commercial sale of Zepuning, with renewal arrangements upon expiry.

Upfront and milestone payments. Grand Life Sciences is obligated to make, and we are entitled to receive, upfront payment of RMB260.0 million and milestone payments, comprising (i) a commercialization milestone payment of RMB80.0 million payable upon the first commercial sale of Zepuning, (ii) a commercialization milestone payment of RMB60.0 million payable upon the 12-month anniversary of the first commercial sale, and (iii) additional sales milestone payments of up to RMB915.0 million payable upon the achievement of agreed annual sales revenue thresholds for Zepuning.

Promotion service fees. We are required to pay Grand Life Sciences promotion service fees, which are calculated based on net sales of Zepuning, being the bid-winning price multiplied by the actual quantities delivered and paid for by customers, less certain agreed deductions and adjustments, such as returns, recalls and approved price reductions, with different fee rates applicable at different stages.

Settlement. Promotion service fees are reconciled and settled on a monthly basis based on confirmed sales data, with quarterly true-up adjustments for any outstanding amounts.

Dispute resolution. Any dispute arising from the execution and performance of the agreement and any orders thereunder shall be resolved through consultation between the parties; failing such resolution, either party may bring an action before a competent court at the plaintiff's place of domicile.

In June 2025, we entered into a commercialization service agreement with ATSA, a Swiss subsidiary of Merck, an Independent Third Party, pursuant to which we granted ATSA an exclusive right to commercialize Zesuning in the PRC. Under this arrangement, ATSA serves as our exclusive service provider for the commercialization of Zesuning in the PRC. Salient terms of our agreement are set forth below:

Term. The agreement provides for a term of 15 years, subject to extension by mutual agreement of the parties.

Payment. ATSA is obligated to make, and we are entitled to receive, payments up to RMB250.0 million, comprising (i) a payment of RMB50.0 million no later than 30 business days following the effective date of the agreement, and (ii) a payment of RMB200.0 million payable upon the first marketing approval of Zesuning for its initial indication.

Promotion service fees. We are required to pay ATSA promotion service fees at a double-digit percentage of net sales, being the gross sales of Zesuning less certain customary deductions, such as trade discounts, rebates, refunds and applicable taxes.

Settlement. Promotion service fees accrue based on confirmed sales data and are settled on a monthly basis following issuance of invoices.

Payment method. Payments are settled by bank transfer.

Termination. Either party may terminate the agreement in the event of failure to perform due to force majeure events or material breach, or other situations specified in the service agreement.

Distribution

We sell all of our products to third-party distributors, who are our direct customers and are responsible for selling and delivering our products to hospitals, other medical institutions and pharmacies. Consistent with industry practices, our distributors are not engaged in providing academic promotion services for our products. Instead, our in-house sales and academic promotion team makes promotion efforts to enhance professionals' knowledge and understanding of the usage, clinical effects and advantages of our drug products. We believe this distribution model helps extend our coverage in a cost-effective manner while retaining proper control over our distribution network and promotion process.

Distribution Network

As of June 30, 2026, our distribution network comprised 166 distributors spanning 30 provinces, municipalities and autonomous regions across China.

To the knowledge of our Directors, our distributors are Independent Third Parties; and none of our distributors are wholly-owned or majority controlled by our current employees. In addition, there is no other relationship or arrangement (including family, business, financing, guarantee or otherwise in the past or present) between our distributors and us. During the Track Record Period, we did not participate in the tendering or bidding processes relating to the sale of our products to public hospitals. Nor did we participate in our distributors' bid submissions, presentations or related bidding procedures with public hospitals. The following table sets forth the movement of the number of our distributors for the periods indicated below.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Number of distributors at the beginning of the period	47	46	77	177
Addition of new distributors[(1)]	2	32	106	19
Termination of existing distributors[(2)]	3	1	6	30
Net increase/(decrease) in distributors	(1)	31	100	(11)
Number of distributors at the end of the period[(3)]	46	77	177	166

Notes:

(1) New distributors refer to distributors who (i) had at least one transaction with us in the relevant period; and (ii) did not have any transaction with us in the immediately preceding financial year.

(2) Terminated distributors refer to distributors who (i) did not have any transaction with us in the relevant period; and (ii) had at least one transaction with us in the immediately preceding financial year.

(3) Following the commercial launch of Zepuning in January 2024 and Zepuping in May 2025, we expanded our distributor network and engaged more distributors to support the increasing demand for channel coverage.

We terminated distributorship with three, one, six, and 30 distributors in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, primarily due to the expiration of the relevant distribution agreements and the parties' commercial decisions not to renew such arrangements in the ordinary course of business. There were no material disputes or litigations between the terminated distributors and us during the Track Record Period and up to the Latest Practicable Date.

Terms of Distribution Agreements

We enter into distribution agreements with our distributors. Individual sales contracts or purchase orders are generally separately entered into or placed for each purchase. Key terms of our distribution agreements include:

Term. Our agreements generally have a term of one year.

Authorization and territory. Our agreements generally grant distributors authorized rights to distribute products within a specified territory.

Sales target and minimum purchase requirement. Our agreements with distributors generally do not specify an agreed annual sales target or minimum annual purchase amount.

Pricing and payment. Our selling prices to distributors are fixed during the term of our agreements. Payments are typically settled by wire transfer.

Inventory level. We generally do not require our distributors to maintain a minimum inventory level.

Return of products. We accept returns for products that are near expiry or have quality issues attributable to us, and accept returns or exchanges for products that are unsaleable due to transportation-related damage, such as packaging deformation and breakage.

Access to information. Distributors are required to provide us with access to information at our request, including providing us with procurement, sales and inventory data of our products or with access to such information through their information technology system.

Credit terms. We generally grant our distributors credit terms of 30 to 90 days, with longer terms granted to selected distributors with whom we have built a strong business and financial track record. We also require prepayments for product deliveries to our distributors in certain instances from a credit control perspective.

Confidentiality. Both parties have non-disclosure obligations and undertake to only use each other's trade secrets and other business information to the extent necessary and not to disclose such trade secrets or other business information to any third party.

Termination. We may terminate the distribution agreements in the event of, among others, (i) any material breach by our distributors, such as sales outside of their designated distribution areas and providing falsified sales data; or (ii) any other breach by our distributors that is not remedied within a prescribed time-period.

As advised by our PRC Legal Adviser, under applicable PRC laws and regulations, our Group, as the marketing authorization holder, bears primary and strict liability for product defects, including those resulting in personal injury, property damage, or safety-related issues. The liability of our distributors is generally limited to defects arising from their own fault. To the extent a defect is attributable to a distributor's misconduct or negligence, we are entitled to seek indemnification or other recourse from such distributor after compensating the affected parties. In the event of product quality or safety issues, we may be required to implement corrective measures, including initiating a product recall, publicly disclosing recall information, suspending production immediately where necessary, and reporting the matter to the competent authorities.

We have a seller-buyer relationship with our distributors. We retain no ownership over the products that we sell to them, and all significant risks and rewards associated with these products are transferred to them upon delivery to and acceptance by them. Consequently, we recognize revenue from sales to our distributors upon delivery of our products to and acceptance by them. Our distributors on-sell our products to their customers, which do not have any contractual relationships with us and are not imposed with any of our control or oversight.

Distributor Management

We select our distributors based on their proven distribution abilities, familiarity with their own target markets, financial strength, credit records and scale of operations. We require all our distributors to possess all licenses and permits necessary for the sales and distribution of pharmaceutical products. We require our distributors to adhere to the latest GSP standards for cold-chain storage and transportation so that they can deliver our products to covered medical institutions and pharmacies in a safe and timely manner.

We allow our distributors, subject to prior filing with us, to engage sub-distributors, provided that such arrangements comply with the requirements of the Two-invoice System. We have adopted a series of internal control measures to ensure our ongoing compliance with Two-invoice System. Specifically, in areas where the Two-invoice System is implemented for drug procurement in public medical institutions, we require our distributors to strictly comply with the two-invoice system. In

addition, our management takes the Two-invoice System requirements into account when formulating our distribution strategies. During the Track Record Period and up to the Latest Practicable Date, we had only issued invoices to relevant distributors on a one-off basis, who, in turn, issued invoices to public medical institutions on a one-off basis.

Where a distributor breaches the relevant distribution agreement, including noncompliance with applicable laws and regulations, we will give the distributor a notice and require rectification. If no remedial action is taken within a prescribed time period, we will have the right to terminate the relevant distribution agreement. During the Track Record Period, we did not terminate our business relationship with any distributors due to their breach of their distribution agreements or their non-compliance with regulatory requirements.

Prevention of Cannibalization

In order to manage the risk of cannibalization of sales among our distributors, we have adopted the following measures:

- *Geographic restrictions.* We specify the designated distribution area for which our distributors are responsible in our distribution agreements with them. The agreements also prohibit distributors from selling our products outside their respective designated distribution areas without our prior written consent.

- *End customer monitoring.* Our distributors focus on different distribution channels (such as hospitals, other medical institutions and pharmacies) and target distinct end customers. We communicate with end customers and their respective personnel, such as healthcare professionals, through our academic marketing activities in order to understand the actual usage of our products.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material cannibalization or competition among our distributors within the same geographical area. Our Directors are of the view that the above measures are sufficient to mitigate potential cannibalization and competition among distributors.

Inventory Management and Control

Returned products are processed under our quality control procedures. Products returned due only to packaging damage will be re-packaged and re-dispatched where other conditions are controlled, while other returned products are subject to sampling and testing based on the nature of issues. Near-expiry products are generally treated as non-conforming. According to Frost & Sullivan, our return policy is in line with industry practice. During the Track Record Period and up to the Latest Practicable Date, there were no material product returns from our distributors. Product returns accounted for approximately 0.018%, 0.007%, 0.159% and 0.029% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

We have implemented the following policies and measures, which, combined with our product return policies and the independence of our distributors, help ensure that our sales to distributors reflect genuine market demand and mitigate the risk of inventory accumulation in the distribution channels.

We generally grant our distributors credit terms of 30 to 90 days, and typically only grant longer credit terms to major distributors on a case-by-case basis based on our assessment. We believe that the short credit term requires our distributors to effectively manage their cash flow and ensure that procurements are made based on actual demand. This is particularly effective for our small to medium-scale distributors, which we believe generally have more limited capital resources.

In addition, we are entitled to require distributors to provide us with access to their sales data at our request. In general, we review and evaluate sales data of our distributors on a monthly basis to enable us to make periodic assessments of actual market demand for our products and analyze the inventory levels of our distributors. We actively adjust our sales strategy and geographic or product coverage of each distributor based on market demand and each distributor's capacity. During the Track Record Period and up to the Latest Practicable Date, we did not notice any unusually large procurements that were inconsistent with distributors' past practices, nor did we notice any abnormally high inventory level of our distributors.

Anti-corruption and Anti-bribery Measures

Distributors are generally subject to anti-corruption and anti-bribery obligations pursuant to the terms of our distribution agreements, under which distributors (i) are required to comply with PRC laws and regulations, including anti-corruption and anti-bribery laws and regulations; and (ii) are prohibited from making, proposing, promising or authorizing payment of money or anything of value to government officers or other personnel acting on behalf of government authorities or State-owned enterprises for the purpose of affecting their behaviors or decisions. See "— Risk Management and Internal Control."

We have established a comprehensive sales compliance management system to ensure lawful and ethical business operations, covering key areas such as anti-bribery and anti-corruption, gift and entertainment policies, sponsorship and conference management, political contributions, and financial controls. The main components of our internal control framework are as follows:

- We have implemented a formal code of conduct and anti-bribery policy that requires all employees and agents to comply with applicable laws, including the Anti-Unfair Competition Law and the Criminal Law of the People's Republic of China, and to adhere to strict standards of integrity in business dealings.

- We maintain strict policies regarding gifts, hospitality, and promotional items, requiring prior approval from relevant department heads and prohibiting any offerings that could influence business decisions or create conflicts of interest.

- We have established detailed procedures for managing academic conferences, medical meetings, and third-party sponsorships, including pre-approval processes, budget controls, and documentation requirements to ensure transparency and compliance.

- Our policies strictly regulate charitable donations and political contributions, setting clear principles, scope, decision-making authority, and approval procedures to prevent misuse or undue influence.

- We enforce rigorous controls over payment authorization and record-keeping, particularly for high-risk expenses such as consulting fees and speaker honoraria, requiring written agreements, market-based pricing, and full documentation including contracts, invoices, and attendance records.

These policies are supported by regular training programs, internal audits, and a confidential reporting mechanism, ensuring consistent adherence across the organization.

During the Track Record Period and up to the Latest Practicable Date, we did not provide financing to any of our distributors except for credit terms we granted to them under the relevant distribution agreements.

Logistics Arrangement

We generally use third-party logistics service providers to transport our products to our distributors and other direct customers. We have entered into logistics service agreements with these providers, pursuant to which they are responsible for any loss caused by their negligence during the course of their logistics services, including transfer, loading, unloading, transportation and delivery to our customers.

Our Overseas Distribution Arrangement

On August 12, 2025, we entered into a license and distribution agreement (the "**Lancet Agreement**") with Lancet Joint-Stock Company ("**Lancet**"), a company existing under the laws of the Russian Federation ("**Russia**"), amended by an addendum thereto dated September 28, 2025. In the Lancet Agreement, we granted Lancet an exclusive right to sell a finished medicinal product containing gecacitinib hydrochloride specifically for the treatment of myelofibrosis in Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan and Uzbekistan (collectively, the "**Territory**"), with the possibility of expanding the Territory to include Azerbaijan and/or Georgia. In connection with the Lancet Agreement, we entered into an accounts receivables and debt collection agreement with a third-party payer, ISS Global Limited ("**ISS Global**"), a company incorporated under the laws of Hong Kong, regarding the collection of payment under the Lancet Agreement. See also "— Third-Party Payment Arrangement" for further details.

Lancet made a payment of an upfront fee of RMB8.0 million to us in November 2025 pursuant to the terms in the Lancet Agreement. The amount of the upfront fee was determined after several rounds of commercial negotiations, primarily based on the potential market value of the product in the target markets, together with the consideration of certain obligations of ours under the Lancet Agreement, including providing technical data for drug import registration and cooperating with Good Manufacturing Practice quality inspection by the relevant regulatory authorities from Russia. Such upfront payment did not constitute a royalty in substance, for the reasons that (i) it was a one-time, non-refundable payment, payable upon the execution of the Lancet Agreement and delivery of certain required documentation as specified in the agreement; (ii) it was not linked to variable sales revenue in the future; and (iii) under the Lancet Agreement, Lancet would only procure products from us for independent sales and we would not grant manufacturing rights to it.

We have engaged DLA Piper Singapore Pte. Ltd., our International Sanctions Legal Adviser, to perform procedures to assess our compliance with International Sanctions laws and regulations and evaluate our risk of exposure under the International Sanctions laws and regulations. As advised by our International Sanctions Legal Adviser, the upfront payment under the Lancet Agreement is structured as a one-time, non-refundable, non-creditable fee payable upon entry into the agreement; while the Lancet Agreement does not expressly specify the consideration for such payment, it may reasonably be viewed as consideration for the grant of rights under the agreement, in the form of the license to commercialize the product in the Territory, and also as consideration of our obligations under the agreement. On this basis, the upfront payment may be characterize as a fixed, arms-length commercial payment, rather than ongoing economic participation in Russian operations which would constitute "new investment" in Russia for the purpose of Executive Order 14071 ("**E.O. 14071**") and expose us to primary U.S. sanctions risks. However, there can be no assurance that OFAC would adopt this characterization, and it is possible that OFAC could consider the upfront payment, in substance, together with the broader arrangement, as part of a commitment of capital in connection with commercial activities in Russia.

Since January 2026, we had engaged in various negotiations with Lancet to (i) specify further details with respect to certain commercial arrangements, and (ii) amend the original royalty arrangements contained in the Lancet Agreement, which might be interpreted by OFAC as participation in royalties or ongoing profits constituting "new investment" in Russia for the purpose E.O. 14071 according to our International Sanctions Legal Adviser, with the aim to ensure that the payments we would receive would not be tied to royalties or ongoing performance or profits of

Lancet and therefore mitigate our exposure to sanction risks. However, we were unable to reach a satisfactory commercial agreement with Lancet within a reasonable timeframe. Pursuant to our termination rights under the Lancet Agreement, on June 15, 2026, we issued a formal notice to Lancet with the effect of immediately terminating and extinguishing the parties' rights and obligations under the Lancet Agreement (save for any provisions expressed to survive termination). During the term of the Lancet Agreement before its termination, we did not supply any product to Lancet nor did we receive any royalty payments from Lancet.

We intend to formalize the termination by entering into a termination agreement with Lancet which expressly extinguish all rights under the Lancet Agreement that could be interpreted as a "new investment" in Russia for purposes of Executive Order 14071, including (i) any commitment of capital or other assets for the establishment or expansion of projects or operations, and (ii) conferring revenue participation in Russia in connection with the Lancet Agreement. We expect to refund the upfront payment of RMB8.0 million to Lancet within 60 business days of the signing date of the termination agreement. As of the Latest Practicable Date, we have been in the process of negotiating the specific terms of the termination agreement with Lancet. We have no continuing exposure to the markets previously contemplated under the Lancet Agreement and do not intend to pursue registration approvals in those territories.

As advised by our International Sanctions Legal Adviser, the termination of the Lancet Agreement and the implementation of the contemplated unwinding measures will effectively eliminate our exposure to future sanctions risks arising from the Lancet Agreement and may be considered a mitigating factor in the assessment of any sanctions risks arising from past conduct. With respect to historical exposure, the residual enforcement risk, as assessed by our International Sanctions Legal Adviser, is remote, taking into account, among other factors, that (i) no royalty payments were ever received by us under the Lancet Agreement, (ii) the upfront payment will be fully refunded in accordance with the termination arrangements, and (iii) there was no willful misconduct or knowledge of any sanctions violation.

See "Risk Factors — Risks Relating to Government Regulations — Changes in international trade policies, tariffs, sanction regimes and political tensions may adversely impact our business and results of operations."

PRICING

Before the inclusion of our products in the NRDL, we independently established a nationwide uniform retail price. We formulate reasonable pricing strategies for our commercialized products to maintain our competitiveness, market position, and profitability. When determining the prices of our commercialized products, we consider various factors including our R&D, production, sales, and promotion costs and expenses, the market potential, product innovation, products' comparative advantages, the perceived value of the products, as well as our share in the markets where the products are marketed.

As of the Latest Practicable Date, three of our four commercialized products were included in the NRDL, including Zepsun®, Zepuning and Zepuping (for the treatment of myelofibrosis). Following the inclusion in the NRDL, our pricing was adjusted to align with the medical insurance reimbursement standards and subject to a two-year dynamic adjustment mechanism. Looking forward, we expect future NRDL inclusion of our products to enhance patient affordability and market penetration. While NRDL inclusion generally involves a reduction in drug prices, we expect the resulting increase in sales volume to substantially offset the impact of such price reductions and continue to support the sustainable growth of our revenue and profitability.

Upon expiry of the two-year period, the pricing of our products may be adjusted pursuant to the Interim Measures for the Administration of Drugs Covered by Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) (the "**Interim Measures**"). The conditions for adjusting the payment standards are set out in the Renewal Rules for Negotiated Drugs (《談判藥品續約規則》), annexed to the Interim Measures.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers primarily consist of our distributors which directly purchase pharmaceutical products from us. All of our five largest customers in each period during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers in each period during the Track Record Period.

The following table sets forth certain information of our five largest customers in each period during the Track Record Period:

Five largest customers for the six months ended June 30, 2026	Products/services sold	Business relationship since	Sales amount	Percentage of total sales
			(RMB'000) *(Unaudited)*	
Customer A[(1)]	Out-licensing rights	2025	662,309.5	55.0%
Customer B[(2)]	Zepsun®, Zepuping, Zepuning, Zesuning	2021	184,859.4	15.3%
Customer C[(3)]	Zepsun®, Zepuping, Zepuning, Zesuning	2021	153,362.6	12.7%
Customer D[(4)]	Zepsun®, Zepuping, Zepuning, Zesuning	2021	62,025.6	5.1%
Customer E[(5)]	Zepsun®, Zepuping, Zepuning, Zesuning	2022	26,808.1	2.2%
			1,089,365.1	**90.4%**

Five largest customers for 2025	Products/services sold	Business relationship since	Sales amount	Percentage of total sales
			(RMB'000)	
Customer C[(3)]	Zepsun®, Zepuping, Zepuning	2021	259,369.2	32.0%
Customer B[(2)]	Zepsun®, Zepuping, Zepuning	2021	236,303.6	29.2%
Customer D[(4)]	Zepsun®, Zepuping, Zepuning	2021	81,687.8	10.1%
Customer E[(5)]	Zepsun®, Zepuning	2022	45,871.3	5.7%
Customer F[(6)]	Zepsun®, Zepuping, Zepuning	2022	35,768.7	4.4%
			659,000.6	**81.4%**

Five largest customers for 2024	Products/services sold	Business relationship since	Sales amount	Percentage of total sales
			(RMB'000)	
Customer B[2]	Zepsun®, Zepuning	2021	182,953.1	34.4%
Customer C[3]	Zepsun®, Zepuning	2021	165,543.1	31.2%
Customer E[5]	Zepsun®, Zepuning	2022	44,271.7	8.3%
Customer D	Zepsun®, Zepuning	2021	34,594.4	6.5%
Customer G[7]	Zepsun®, Zepuning	2022	20,208.5	3.8%
			447,570.8	**84.2%**

Five largest customers for 2023	Products/services sold	Business relationship since	Sales amount	Percentage of total sales
			(RMB'000)	
Customer C[3]	Zepsun®	2021	139,082.3	35.7%
Customer B[2]	Zepsun®	2021	111,973.2	28.7%
Customer D[4]	Zepsun®	2021	26,856.8	6.9%
Customer E[5]	Zepsun®	2022	26,370.0	6.8%
Customer H[8]	Zepsun®	2021	16,061.1	4.1%
			320,343.4	**82.2%**

Notes:

(1) Customer A, incorporated in Bermuda, is a wholly-owned subsidiary of a global biopharmaceutical company listed on the NYSE, which has a broad and diversified product portfolio spanning immunology, oncology, neuroscience and aesthetics.

(2) Customer B, incorporated in 2003 and headquartered in Shanghai, is a Fortune Global 500 enterprise, whose core affiliate is a distributor and retailer of pharmaceuticals and healthcare products in China with registered capital of RMB3,120.7 million.

(3) Customer C, incorporated in 1994 and headquartered in Shanghai, is a national pharmaceutical and healthcare giant listed on the Shanghai Stock Exchange and the Stock Exchange with registered capital of RMB3,708.4 million.

(4) Customer D, incorporated in 2000 and headquartered in Beijing, is a state-owned enterprise engaged in pharmaceutical commodity marketing, logistics distribution and pharmaceutical supply chain solution services with registered capital of RMB19,646.5 million.

(5) Customer E, incorporated in 2002 and headquartered in Yunnan province, is a wholly-owned subsidiary of a company listed on the Shenzhen Stock Exchange, focusing on being a regional pharmaceutical and healthcare commerce enterprise with registered capital of RMB1,000.0 million.

(6) Customer F, incorporated in 1997 and headquartered in Chongqing, is a controlled subsidiary of a company listed on the Shenzhen Stock Exchange, focusing on large-scale pharmaceutical commercial distribution services with registered capital of RMB1,728.0 million.

(7) Customer G, incorporated in 1981 and headquartered in Guangxi province, is a pharmaceutical distribution enterprise listed on the Shenzhen Stock Exchange, focusing on pharmaceutical circulation services with registered capital of RMB397.2 million.

(8) Customer H, incorporated in 2002 and headquartered in Anhui province, is a subsidiary of a company listed on the Shenzhen Stock Exchange, focusing on regional pharmaceutical distribution services with registered capital of RMB983.9 million.

All of our top five largest customers in each period during the Track Record Period are our distributors. For the salient terms of our typical agreements, see "— Sales, Promotion and Distribution — Distribution — Terms of Distribution Agreements."

Our Suppliers

Our suppliers primarily include suppliers of raw materials and clinical trial materials and services to support our R&D, manufacturing, and marketing activities. All of our five largest suppliers in each period during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers in each period during the Track Record Period. The following table sets forth certain information of our five largest suppliers in each period during the Track Record Period:

Five largest suppliers for the six months ended June 30, 2026	Products/services purchased	Business relationship since	Purchase amount	Percentage of total purchases
			(RMB'000) (Unaudited)	
Supplier A[(1)]	Zepuning market promotion service	2023	94,330.0	19.8%
Supplier B[(2)]	Zepuning CDMO processing services	2022	29,999.5	6.3%
Supplier C[(3)]	Zepsun® market promotion service	2024	27,804.2	5.8%
Supplier D[(4)]	Pharmaceutical manufacturing equipment and consumables	2020	23,654.7	5.0%
Supplier E[(5)]	Patient management services	2022	16,679.1	3.5%
			192,467.5	**40.4%**

Five largest suppliers for 2025	Products/services purchased	Business relationship since	Purchase amount	Percentage of total purchases
			(RMB'000)	
Supplier A[(1)]	Zepuning market promotion service	2023	127,010.6	18.0%
Supplier C[(3)]	Zepsun® market promotion service	2024	52,469.5	7.5%
Supplier F[(6)]	Construction services for the Phase II R&D and production center	2024	43,309.2	6.2%
Supplier B[(2)]	Zepuning CDMO processing services	2022	32,759.8	4.7%
Supplier E[(5)]	Patient management services	2022	26,445.2	3.8%
			281,994.2	**40.2%**

Five largest suppliers for 2024	Products purchased	Business relationship since	Purchase amount	Percentage of total purchases
			(RMB'000)	
Supplier G[(7)]	Construction services for the Phase II R&D and production center	2022	68,463.6	13.5%
Supplier H[(8)]	Zepsun® CDMO processing services	2013	41,681.4	8.2%
Supplier B[(2)]	Zepuning CDMO processing services	2022	20,675.0	4.1%
Supplier C[(3)]	Zepsun® market promotion service	2024	19,381.0	3.8%
Supplier I[(9)]	R&D consumables and equipment	2023	13,152.9	2.6%
			163,353.9	**32.3%**

Five largest suppliers for 2023	Products purchased	Business relationship since	Purchase amount	Percentage of total purchases
			(RMB'000)	
Supplier J[10]	Clinical trial CRO services	2012	35,094.3	7.7%
Supplier H[8]	Zepsun® CDMO processing services	2013	34,369.1	7.5%
Supplier G[7]	Clinical trial CRO services	2016	26,789.9	5.8%
Supplier K[11]	Construction services for the Phase II R&D and production center	2022	17,325.0	3.8%
Supplier L[12]	Headquarters building construction services	2021	15,000.0	3.3%
			128,578.4	**28.0%**

Notes:

(1) Supplier A is an enterprise incorporated in 2002 with headquarters in Beijing, focusing on providing marketing promotion services with registered capital of RMB92.7 million.

(2) Supplier B is a CDMO focusing on biopharmaceutical process development and large-scale production, incorporated in 2018, providing CDMO R&D and processing services with registered capital of RMB31.1 million.

(3) Supplier C is an enterprise incorporated in 2016 with headquarters in Shanghai, focusing on providing marketing promotion services with registered capital of RMB25.6 million.

(4) Supplier D is an enterprise incorporated in 2009 with headquarters in Jiangsu province, focusing on providing pharmaceutical equipment and consumables with registered capital of RMB25.3 million.

(5) Supplier E, incorporated in 2017 with headquarters in Shanghai, provides advanced healthcare services and diversified payment solutions with registered capital of RMB73.1 million.

(6) Supplier F is a professional domestic integrated service provider for medical engineering, incorporated in 2014, focusing on providing construction services with registered capital of RMB100.0 million.

(7) Supplier G, incorporated in 2008 with headquarters in Beijing, is a CRO listed on the Shenzhen Stock Exchange, focusing on providing clinical trial CRO services with registered capital of RMB96.6 million.

(8) Supplier H is an API manufacturing enterprise, incorporated in 2009, focusing on providing CDMO processing services for APIs with registered capital of US$116.5 million.

(9) Supplier I is a pharmaceutical and medical device enterprise, incorporated in 2013, focusing on providing R&D consumables and equipment with registered capital of RMB240.0 million.

(10) Supplier J, incorporated in 2004 with headquarters in Zhejiang, is a CRO listed on the Shenzhen Stock Exchange, focusing on providing clinical trial CRO services with registered capital of RMB861.0 million.

(11) Supplier K, incorporated in 2001, is a construction service provider in Jiangsu province with registered capital of RMB130.0 million.

(12) Supplier L, incorporated in 1990, is a construction service provider in Jiangsu province with registered capital of RMB733.6 million.

We generally enter into one-year framework agreements or separate purchase orders with our suppliers. Our agreements generally do not include minimum purchase commitments. Purchase prices are primarily determined with reference to prevailing market prices for products or services of comparable quality and are typically agreed at the time of contracting without automatic adjustment mechanisms. Credit terms generally range from 30 to 60 days from the invoice date, and payments are typically settled by wire transfer or bank acceptance bills. Termination and breach provisions generally follow customary commercial terms.

Overlapping of Customers and Suppliers

During the Track Record Period, there were two entities, namely Customer C and Customer D, which were among our five largest customers and also our suppliers. During the Track Record Period, we sold Zepsun®, Zepuning, Zepuping and Zesuning to Customer C and Customer D. At the same time, we purchased certain materials and drugs for clinical trials purpose from them. During the Track Record Period, we made only one purchase from Customer C, amounting to RMB25,800, which occurred during the six months ended June 30, 2026. The aggregate purchase amounts from Customer D were nil, RMB2.2 million, RMB7.2 million and RMB3.0 million, in 2023, 2024, 2025 and the six months ended June 30, 2026 respectively, representing approximately nil, 0.4%, 1.0% and 0.6% of our total purchases during the same periods. Such arrangements were mainly attributable to the fact that Customer C and Customer D are two large-scale nationwide pharmaceutical distributors with extensive sales coverage. Our Directors confirm that the sales to and purchases from them were negotiated on an arm's-length basis, conducted independently, and were neither inter-connected nor inter-conditional with each other. Furthermore, according to Frost & Sullivan, the materials and drugs we purchased from and sold to them during the Track Record Period were at normal commercial terms and comparable to market standards. Based on the view of Frost & Sullivan and the due diligence work performed, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on the genuineness of such transactions.

THIRD-PARTY PAYMENT ARRANGEMENT

In connection with the Lancet Agreement, on September 28, 2025, we entered into an accounts receivables and debt collection agreement with a third-party payer, ISS Global, regarding the collection of payment under the Lancet Agreement. See also "— Sales, Promotion and Distribution — Our Overseas Distribution Arrangement." During the Track Record Period, we accepted only one payment of RMB8.0 million from Lancet through ISS Global in November 2025, which was the agreed amount of the upfront payment in the Lancet Agreement. We accepted the above-mentioned third-party payment to facilitate the collection of payments from Lancet.

ISS Global is an independent third party with no relationship with Lancet. To ensure the payment authenticity and legality, we entered into the above-mentioned formal accounts receivable and debt collection agreement with ISS Global, requiring ISS Global to remit all collected payments to us within ten business days, maintain accurate records, and refrain from withholding or offsetting amounts. We also signed a supplemental agreement with Lancet confirming that payments made through ISS Global would discharge Lancet's obligations. Therefore, the third-party payment arrangement during the Track Record Period was supported by such written agreements.

The pricing and payment terms under the Lancet Agreement were negotiated on an arm's-length basis and are comparable to those offered to customers not involving third-party payment arrangements. On June 15, 2026, we issued a formal notice to Lancet terminating the Lancet Agreement with the effect of immediately terminating and extinguishing the parties' rights and obligations under such agreement. As of the Latest Practicable Date, we have been in the process of negotiating the specific terms of the termination agreement with Lancet. For details, see "— Sales, Promotion and Distribution — Our Overseas Distribution Arrangement." During the term of the Lancet Agreement before its termination, we only received the upfront payment from Lancet, with no royalty payments. As a result of the termination of the Lancet Agreement, we do not expect to receive any further payment from Lancet through ISS Global.

With respect to the third-party arrangements in connection with the Lancet Agreement before its termination, we implemented enhanced internal controls when such arrangements were in place, including: (1) inclusion of contractual provisions requiring (i) receipts by us of full payment before shipment of any products; (ii) ISS Global's obligation to remit funds within ten business days, with penalties for delay; (iii) detailed reporting and record-keeping requirements of ISS Global; (iv) automatic termination of authorization if ISS Global fails to remit funds; (2) monitoring by the finance team to examine whether the amount received by us strictly match the contractual

obligations and verify the authenticity of the payments; and (3) evaluation by our management on the reasonableness and necessity of any third-party payments. Based on the above, the Directors are of the view that the internal control measures are adequate and effective to ensure the genuineness of the underlying transactions and mitigate risks associated with third-party payment arrangements.

Based on the due diligence work performed, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view.

See "Risk Factors — Key Risks Relating to Our Business and Industry — We may be subject to the risks associated with third-party payments."

INTELLECTUAL PROPERTY RIGHTS

As of June 30, 2026, we held 39 registered patents in the PRC and 113 registered patents in other jurisdictions, as well as 378 pending patent applications. As of the same date, we also held nine registered domain names and 30 registered trademarks in the PRC. The following table sets forth the details of our material granted patents and patent applications as of June 30, 2026. See "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights" in this document for more details of our intellectual property rights.

Product/Product Candidate	Type of Invention	Patent Status	Patent No.	Patent Holder	Expiry Date
Zepsun®	Compound	Granted Patent	ZL2008102001060	Our Company	September 19, 2033
	Crystal Form	Granted Patent	ZL2012102497965	Our Company	July 18, 2032
Zepuping	Compound	Granted Patent	ZL201310032097X	Our Company	January 28, 2033
	Crystal Form	Granted Patent	ZL2015103642813	Our Company	June 26, 2035
Zepuning	Protein sequence and preparation method	Granted Patent	ZL2011100717754	Our Company	March 24, 2031
	Preparation Method	Patent Application	PCT/CN2024/085572	Our Company	April 2, 2044
ZG006	Sequence	Granted Patent	ZL2021800268973	Our Company	February 1, 2041
	Sequence	Granted Patent	US11976133	Our Company	February 1, 2041
ZG005	Sequence	Granted Patent	ZL2019800566458	Our Company	June 28, 2039
	Sequence	Granted Patent	US10597453	Our Company	June 28, 2039
ZG2001	Compound	Patent Application	2021107904882	Our Company	July 13, 2041
ZG0895	Compound	Granted Patent	ZL2019110970666	Our Company	November 11, 2039
ZG0895	Crystal Form	Patent Application	2022109569440	Our Company	August 10, 2042
ZG2273	Compound	Patent Application	2025109676319	Our Company	July 14, 2045

We rely on intellectual property rights to protect our technologies, inventions and improvements that we believe are important to maintain the market share of our products. The intellectual property rights that our products have relate principally to their compound, compositions, preparation methods and/or production processes. As of the Latest Practicable Date, our commercialized drugs and drug candidates were covered by patents with relatively long remaining terms, and we have applied, or are in the process of applying, for patent term extension for certain relevant patents in accordance with applicable laws and regulations, where eligible. In light of the above, our Directors are of the view that there is no imminent patent expiry that is expected to materially affect the market exclusivity of our commercialized drugs or drug candidates.

In order to protect our intellectual property rights, we generally require our employees to enter into confidentiality agreements. These agreements typically provide that all relevant intellectual properties developed by our employees during the course of their employment with us become our intellectual properties and are treated as trade secrets. Our employees are contractually required to refrain from disclosing confidential information to third parties unless authorized in writing by our Board. We also follow procedures, such as patent searches, to ensure that we do not infringe on the intellectual property rights of others and are not engaged in the sales of counterfeit pharmaceutical products.

During the Track Record Period and up to the Latest Practicable Date, we had not been sued on the basis of, and had not undergone arbitration in respect of, nor had we received any notification from third parties claiming infringement of any intellectual property or sales of counterfeit pharmaceutical products that have had a material adverse effect on our business. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of the infringement of any intellectual property of third parties or sales of counterfeit pharmaceutical products that had a material adverse effect on our business. However, despite our internal control procedures, we are still subject to risks relating to intellectual property rights. See "Risk Factors — Key Risks Relating to Our Business and Industry — Failure to adequately protect our intellectual property, or if the scope of our intellectual property fails to sufficiently protect our proprietary rights, other pharmaceutical companies could compete against us more directly, which may have a material adverse impact on our business and results of operations" and "Risk Factors — Risks Relating to Our Business and Industry — We may become subject to intellectual property infringement claims, which could expose us to substantial liability, harm our reputation, limit our research and development or other business activities and/or impair our ability to commercialize our drug candidates."

DATA PRIVACY AND PROTECTION

We routinely receive, collect, generate, store, process, transmit and maintain medical data treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information, which primarily relates to employee-related information, such as their salary, compensation, copies of identification documents, and qualification certificates collected for internal management purposes. To ensure the security of data throughout its lifecycle, we have established strict data protection policies, including the Data Lifecycle Security Management Regulation (《數據全生命週期安全管理規定》), Cybersecurity Management Regulation (《網路安全管理制度》), Personal Information Protection Regulation (《個人信息保護制度》), and Data Categorization and Hierarchy Regulation (《數據分類分級制度》). We have implemented data protection policies and measures governing the collection, processing, storage, and usage of personal information. These policies include:

Data collection. We conduct compliance assessments when collecting data with prior informed consent from individuals and log records of the collection process.

Data processing. We strictly process data in a manner that protects the legitimate rights of data subjects. We process data for a specific and reasonable purpose and limit our data processing activities to the minimum extent for achieving that purpose.

Data storage. We implement encrypted storage, access logging, data backup, and physical isolation measures (e.g., self-built data centers, cloud services) to prevent data leakage.

Data usage. We have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data that is directly relevant and necessary for their responsibilities and for limited purposes. Such data usage is regulated through policy training and contractual obligations.

Therefore, 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. As of the Latest Practicable Date, we are primarily subject to PRC laws and U.S. federal and state laws governing data protection and privacy. There might be cross-border data transmission in connection with our collaborations with overseas partners for clinical data analysis and subsequent product development. To ensure the secure transmission and standardized management of clinical trial data relating to our products or product candidates, such as ZG005, investigators at clinical trial centers and CROs are required to de-identified subjects' clinical trial data before uploading such data to the Electronic Data Capture ("**EDC**") system. As the sponsor of the clinical trials, we access the EDC system to review, query, and download the de-identified clinical trial data. The EDC system is operated by Medidata Solutions, Inc., a corporation incorporated in the State of Delaware, United States, with its servers located in the State of Texas, United States. We act as the data recipient, rather than the transferor, of such cross-border data. As of the Latest Practicable Date, we have received a total of 262 cases of cross-border data. Furthermore, in connection with our collaboration with AbbVie, we propose to transfer de-identified clinical trial data relating to ZG006 to our partner based in the United States. As of the Latest Practicable Date, we have not yet transferred the aforementioned data, but we have completed the filing of the standard contract for the cross-border transfer of personal information with the Cyberspace Administration of Jiangsu Province.

To safeguard the security of cross-border data transmission, we have implemented a series of data protection measures, including: (i) entering into a service agreement with the EDC service provider, which expressly sets out the its data security obligations and liabilities; (ii) entering into cooperation agreements with clinical trial centers and CROs, requiring them to strictly comply with applicable clinical trial standards and confidentiality obligations to ensure the security of the original clinical trial data; and (iii) implementing encryption and access control for the EDC system, under which access is restricted to specifically designated personnel who have obtained prior approval and authorization, and all access and operational activities are subject to audit trail records. Based on the foregoing and as confirmed by our Directors, our Data Privacy Protection Legal Adviser is of the view that our cross-border data access activities as described above are in compliance with applicable PRC data security and personal information protection requirements.

Our employees' personal information is stored in both physical and electronic forms. Hard-copy records are maintained by designated personnel with restricted access. Electronic records are stored on our servers in Kunshan, China, and are accessible only by authorized personnel under internal access control measures. Clinical data is collected and stored by hospitals and CROs via third-party EDC system, with primary storage on Alibaba Cloud servers located in Hangzhou, China. We have designed strict data protection policies to ensure that the collection, use, storage, and processing of medical data comply with applicable laws and prevalent industry practices, including our detailed data management plan for each clinical project. The collection of personal data is primarily performed by hospitals in our clinical trials and operations. Subjects enrolled in the clinical trials are anonymized with assigned subject numbers, and any datasets transferred to us are only associated with the subject numbers, not the actual identities of patients. As a result, we have no access to patients' personally identifiable information, such as their names, identity numbers, phone numbers or home addresses.

Furthermore, we require that all internal employees, as well as hospitals and third-party contractors such as CROs involved in our clinical trials adhere to strict confidentiality requirements. We impose such requirements through contractual data protection and confidentiality clauses, and we also conduct periodic reviews and on-site inspections of hospitals and CROs to verify their data management and confidentiality practices. Additionally, we conduct training to ensure compliance with these standards, thus reinforcing our dedication to maintaining the highest levels of data security and patient confidentiality. This approach not only meets regulatory expectations but also fosters trust among participants and stakeholders involved in our clinical processes.

Based on the foregoing, our Data Privacy Protection Legal Adviser is of the view that during the Track Record Period and up to the Latest Practicable Date, we had complied with Chinese laws and regulations related to data security and privacy with our products, services and operations in all material aspects in relevant jurisdictions, and had not experienced any material data leakage incidents, and we had neither incurred any related administrative penalties nor received any related administrative inquiry notice. For more details of laws and regulations regarding data privacy and protection, please see the section headed "Risk Factors — Risks Relating to Government Regulations — 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."

COMPETITION

The pharmaceutical market in China is highly competitive and is characterized by a number of established pharmaceutical companies, as well as some emerging biotechnology companies. We face competition from other pharmaceutical companies and emerging biotechnology companies engaged in the research, development, production, marketing or sales of pharmaceutical products. Our key competitors are large national and regional manufacturers of pharmaceutical products, including large State-owned pharmaceutical companies. We also compete with multinational pharmaceutical companies. Our products primarily compete with products that are indicated for similar conditions as our products on the basis of efficacy, safety, price, brand, general market acceptance, and recognition. The identities of our key competitors vary by product and, in certain cases, our competitors may have greater financial and R&D resources than us, may elect to focus these resources on developing, importing or in-licensing and marketing products in China that are substitutes for our products and may have broader sales and promotion infrastructure with which to do so. See "Industry Overview" for more details about the major competitors of our products. We believe our continued success will depend on our ability to: (i) effectively market and promote our products; (ii) innovate and develop advanced technologies; (iii) develop a broad product portfolio; (iv) maintain high-quality standards; (v) obtain and maintain regulatory approvals; and (vi) attract, retain and cultivate talent.

EMPLOYEES

As of June 30, 2026, we had 1,151 full-time employees, all of whom were based in the PRC. The following table sets forth a breakdown of our total number of employees by function as of June 30, 2026:

Function	Number of Employees	% of total employees
Manufacturing	307	26.7
Sales and academic promotion	473	41.1
R&D	325	28.2
Financing	13	1.1
Others (including operational and management)	33	2.9
Total:	**1,151**	**100.0**

We recruit our employees primarily through professional recruitment platforms, campus recruitment, job advertisements, employee referrals and headhunter referrals. Our employees typically enter standard employment contracts with us. We place high value on recruiting, training, and retaining qualified employees. We maintain high standards in selecting and recruiting talent worldwide and provide competitive compensation packages.

We offer our employees competitive compensation packages, reflecting our stakeholder-centric ethos which we believe leads to sustainable and durable growth. As required by PRC laws and regulations, we participate in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident funds. We also adhere to legal requirements by offering maternity leave, paternity leave, and other related benefits. We ensure a safe working environment that complies with safety standards. 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.

To maintain and enhance the quality, knowledge and skill levels of our workforce as well as their familiarity with industry quality standards and work safety standards, we provide our employees with periodic training. These trainings cover a wide range of topics, including safety and environmental protection, emergency drills, management knowledge, production quality and process operations, delivered through various formats such as on-site sessions, external training, and internal communications. In addition, R&D and clinical personnel receive continuous professional development through participation in academic conferences, guest lectures by external experts, project reviews and laboratory practice. Our sales teams also undergo regular compliance training to ensure adherence to applicable laws, regulations and internal policies.

We believe we have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

LAND AND PROPERTIES

We are headquartered in Kunshan, China. We own and lease certain properties in the PRC in connection with our business operation. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, 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 all our interests in land or buildings, for the reason that, as of the date of the most recent audited consolidated balance sheet of our Group, none of our properties had a carrying amount of 15% or more of our consolidated total assets.

Owned Properties

As of the Latest Practicable Date, we owned land use rights with respect to two parcels of land in China with land use right certificates, with a total gross land area of approximately 96,340.3 sq.m., and we owned two buildings with building ownership certificates with an aggregate gross floor area of approximately 72,559.5 sq.m. These buildings are primarily used for factories and warehouses.

Leased Properties

As of the Latest Practicable Date, we leased 13 properties with an aggregate gross floor area of approximately 14,593.5 sq.m. in China, which were primarily for the use of production facilities, administrative offices and R&D buildings. For risks related to our leased properties, see "Risk Factors — Key Risks Relating to Our Business and Industry — Our legal right to certain properties may be challenged."

INSURANCE

We maintain property insurance covering physical damage to, or loss of, our facilities, equipment, office furniture and inventory and clinical trial insurance covering us against liability in the event of injury to any trial subject caused by serious adverse events in our clinical trials. We also maintain product liability insurance and accident insurance for our daily operations. According to Frost & Sullivan, our insurance coverage on product liability is in line with industry practice. We contribute to social insurance for our employees in accordance with applicable PRC laws, rules and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies.

Our Directors believe that our insurance coverage is adequate and in line with industry norm. However, the risks related to our business and operations may not be fully covered by insurance. See "Risk Factors — Key Risks Relating to Our Business and Industry — We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources." for more information.

AWARDS AND RECOGNITION

The table below sets forth our recent major awards and recognitions as of the Latest Practicable Date:

Year	Award/Recognition	Award Issuing Authority
2026	Huashan Award – Most Promising Innovative Pharmaceutical Company (華山獎 — 最佳潛力型創新醫藥企業獎)	Yixuejie (醫學界), Tonacea (同寫意)
2025	Top 100 China Pharmaceutical R&D Comprehensive Strength Ranking (2025) (2025中國藥品研發綜合實力排行榜TOP100)	Yaozh.com (藥智網)
2025	Golden Bull Award for Sci-Tech Innovation of Listed Companies (2025) (2025年金牛上市公司科創獎)	China Securities Journal (中國證券報)
2025	Golden Dawn Investor Relations Award (2025) (2025年金曙光投資者關係獎)	Securities Market Weekly (證券市場周刊)
2024	Top 50 China Biologics R&D Strength Ranking (2024) (2024中國生物藥研發實力排行榜TOP50)	Yaozh.com (藥智網)
2023	Top 30 Most Innovative Small-Molecule Pharmaceutical Companies in China (2023) (2023年度中國小分子藥物企業創新力TOP30排行榜)	Menet.com (米內網)
2023	Top 100 Innovative Pharmaceutical Companies in China (2023), First-Tier Ranking (2023中國醫藥創新企業100強，並位列第一梯級)	E-Pharma Manager (E藥經理人)
2023	Biotech Company with the Strongest R&D Capabilities of the Year (2023) (2023年度年度最具研發實力Biotech企業)	4th China Biopharmaceutical Industry Chain Innovation Awards (第四屆中國生物醫藥產業鏈創新風雲榜)
2023	Top Ten Innovative Pharmaceutical Companies of the Year (2022) (2022年度十大創新藥企)	2nd Huaxia Healthcare Industry Summit (第二屆華夏大健康產業高峰論壇)

Year	Award/Recognition	Award Issuing Authority
2022	Donafenib Tosylate Tablets (Zepsun®) Recognized as "Top Ten New Drugs (Domestic)" (甲苯磺酸多納非尼片(澤普生®)榮膺"第十四屆健康中國年度論壇•十大新藥(國內)榜單")	14th Healthy China Annual Forum (第十四屆健康中國論壇)
2022	Top Ten Innovative Pharmaceutical Companies of the Year (2022) (2022年度十大創新藥企)	Huaxia Times (華夏時報)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We recognize our responsibility to uphold high standards in health, safety, social and environmental practices. We are committed to, after our [**REDACTED**], complying with the reporting requirements related to environmental, social and governance ("**ESG**"). We understand the environmental and social-related risks that will affect our business and we, therefore, established the Strategy and ESG Committee for addressing such risks and formulated corresponding working rules to supervise our corporate social responsibility and measures for sustainable development. Our Strategy and ESG Committee is headed by the chairman of the Board and comprises four other executive Directors as its members. The Strategy and ESG Committee is responsible for (i) assessing and managing our ESG-related risks and opportunities, and deliberating on the formulation of, among others, our ESG strategic plans, management structure, systems, strategies and implementation rules so as to ensure the continuous execution and implementation of our ESG policies; (ii) making guidelines for and reviewing the identification and ranking of our important ESG issues; (iii) determining our key ESG issues; (iv) reviewing our ESG work and internal monitoring systems, and making recommendations on their appropriateness and effectiveness; (v) reviewing our ESG-related disclosure documents, including but not limited to the annual ESG reports; and (vi) monitoring our ESG-related risks and making inquiries on and formulating corresponding measures for major issues that affect our performance of ESG-related work, and reviewing and supervising how such issues are handled.

The Board has collective responsibility for managing the impact of the material ESG risks and opportunities affecting the Group, formulating and establishing the Group's ESG-related mechanisms, policies and objectives, and reviewing the Group's performance against the ESG objectives on an annual basis and revising the ESG Policies as appropriate if significant deviations from the objectives are identified.

The Board will implement necessary improvements to mitigate ESG risks. The Board and the Strategy and ESG Committee will continue to monitor the Group's strategic planning for risk management, including climate-related risks and those risks that were monitored as part of standard operating procedures, to ensure that appropriate mitigation measures are implemented as part of regular management reviews.

Identification and Assessment of ESG-Related Risks

We have adopted risk management policies and procedures that establish a framework to identify, assess, evaluate and monitor risks relating to strategic and operational objectives across different stages of our development. The following internal policies and programs set out our risk management approach:

- Our Board oversees the risk management framework, including reviewing annual risk assessment reports, and supervising the Strategy and ESG Committee in conducting periodic risk evaluations.

- Our Strategy and ESG Committee coordinates and manages the overall risks associated with our business operations and quality control. Its key responsibilities include assessing key risks against our risk tolerance levels and organizing related risk management actions. It works with relevant departments to implement risk prevention and control measures and conducts periodic reviews.

- Relevant departments are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. Each department is responsible for identifying and evaluating risks associated with its working scope.

We take climate-related factors into account in our risk assessment process and risk appetite setting. Where such risks and opportunities are considered material, they are reflected in our strategic and financial planning. We review environmental, social and climate-related risks annually and may adjust our ESG strategies accordingly.

Based on the above measures, during the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and safety laws and regulations in all material aspects, and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or impact on the operations of our business during the period.

Goals, Targets and Policies

We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business and production activities:

- *Power consumption.* We regularly monitor our electricity consumption levels and implement measures to improve energy efficiency. During the Track Record Period, our electricity consumption levels were 8,127 GWh, 7,585 GWh, 9,080 GWh and 6,731 GWh, respectively.

- *Emission of greenhouse gases.* We regularly monitor the level of greenhouse gas emissions. The table below sets forth a breakdown of our greenhouse gas emissions for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Scope 1[(1)] (tons of CO_2 equivalent)	1,847.5	1,686.9	2,404.5	2,486.8
Scope 2[(2)] (tons of CO_2 equivalent)	4,361.1	4,070.2	4,872.4	3,611.8
Scope 3[(3)] (tons of CO_2 equivalent)	20,375.7	26,610.2	91,471.3	53,084.1
Total	**26,584.3**	**32,367.4**	**98,748.2**	**59,182.7**

Notes:

(1) Scope 1 emissions cover greenhouse gas emissions directly produced by business owned or controlled by our Group.

(2) Scope 2 emissions cover greenhouse gas emissions of indirect energy resulted from purchased electricity consumed by our operations.

(3) Scope 3 emissions cover greenhouse gas emissions of other indirect emissions that occur outside of our operation but are related to our activities and ESG goals.

- *Water consumption.* We regularly monitor our water consumption levels and implement measures to promote water conservation. During the Track Record Period, our water consumption levels were 75.0 thousand tons, 95.6 thousand tons, 115.3 thousand tons and 103.6 thousand tons, respectively.

- *Discharge of hazardous waste.* We regularly monitor the level of our hazardous waste discharge. During the Track Record Period, our hazardous waste discharge levels were 63 tons, 64 tons, 87 tons and 40 tons, respectively. We have established internal policies governing the generation, collection, storage and handling of hazardous waste, with designated management structures and clearly defined responsibilities. In addition, all hazardous waste is disposed of by qualified third-party contractors that meet our compliance requirements.

We have in place a set of environmental, social and governance policies ("**ESG Policies**") which are in line with relevant international standards. We strive to reduce the negative impact on the environment through our commitment to energy conservation and sustainable development. We intend to adopt governance measures which are in compliance with pertinent ESG-related laws and regulations, and to monitor and collect ESG-related data so as to prepare our disclosure report after [**REDACTED**] and in accordance with the Environmental, Social and Governance Reporting Code, Appendix C2 of the Listing Rules in due course. We are preparing and shall formulate our ESG policies in accordance with the standards under Appendix C2 of the Listing Rules, which outlines, among other things, (i) establishment of a green management system; (ii) strict rules on waste disposal; (iii) resources efficiency; and (iv) responses to climate change. We believe that employees are the most valuable resource to us, and are committed to respecting their dignity and treating them with respect. We shall continue to promote work-life balance and create a positive workplace for all of our employees.

The Strategy and ESG committee will set targets for each material key performance indicator at the beginning of each financial year in accordance with the disclosure requirements under Appendix C2 of the Listing Rules and any other relevant rules and regulations after [**REDACTED**]. Relevant targets of the material key performance indicators will be reviewed annually to ensure that they are still suitable for our needs. When setting the targets for environment-related KPIs, we shall take into account our respective consumption or emission levels during the Track Record Period, and consider our future business expansion in a comprehensive and prudent manner, with a view to crafting a balance between business growth and environmental protection and achieving sustainable development. As our R&D activities advance and commercialization and manufacturing scale up, certain environmental metrics are expected to increase in line with our business expansion. In 2026, we aim to control our water consumption and electricity consumption to increase by approximately 80% to 100%, greenhouse gas emissions by approximately 5% to 25%, and hazardous waste discharge by approximately 5% to 15%, each compared with the levels recorded in 2025. These targets reflect our effort to balance the advancement of our R&D and manufacturing activities with our commitment to environmental responsibility.

Climate-related Risks

The environmental and climate-related risks we are exposed to can be divided into two broad categories: physical and transition risks. We define physical risks as risks related to the physical impacts of climate change, consisting of (i) acute physical risks, such as increased severity of typhoon or floods; and (ii) chronic physical risks that are affected by long-term changes in climate patterns, such as changes in average annual rainfall or temperature. We define transition risks as the transition from dependence on fossil fuels to a low-carbon economy, which may involve changes in policy, laws, technology markets, as well as social culture, such as possible carbon taxes, compliance disclosures, and increased use of new energy sources across businesses and households.

We have made disaster preparedness plans for the extreme events and will closely monitor our business operation to reduce the possible impacts of physical and transition risks. We incorporate environmental risk analysis into the risk assessment process and risk preference setting. If risks and opportunities are deemed material, we incorporate them into our strategic and financial planning processes and take appropriate mitigation measures. Due to the nature of our business, we are not prone to material impacts of chronic physical risks or transition risks.

Our business, operations and financial condition had not been materially affected by any climate-related events during the Track Record Period and up to the Latest Practicable Date.

Clinical Trial

We have adopted a series of measures to enhance laboratory and clinical trial safety and to ensure compliance with applicable regulations, including establishing and enforcing internal policies and procedures relating to clinical trial operations and safety management. We require our personnel to undergo relevant training and comply with standardized operating procedures, and we require our CROs to follow applicable clinical trial protocols and regulatory requirements.

Product Safety and Quality

We place strong emphasis on product quality and safety. To this end, we have implemented a set of quality control and quality assurance procedures in accordance with applicable regulatory requirements, which are overseen by our quality assurance and quality control teams. In addition, we have put in place quality management measures across our operational processes, covering supplier qualification and selection, raw material procurement controls, production-stage quality assurance and finished product delivery, to maintain consistent product quality. These measures include, among others, defined quality-related specifications and control requirements. For details, see "— Production and Quality Control" in this section.

Employee Health and Safety

Ensuring a secure working environment for our employees is critical to us, as we recognize that a safe and healthy workplace not only safeguards the well-being of our workforce but also underpins the long-term viability of our enterprise. We have established company-wide work safety protocols, complemented with regular safety training initiatives to equip our employees with the requisite awareness and technical expertise to carry out their duties in a secure and efficient manner. Our safety protocols encompass key areas of our operations, including R&D, manufacturing, and office environments, as well as our primary operational sites, such as offices, laboratories, and manufacturing plants. Moreover, we have distinct protocols governing high-risk materials and activities, and dedicated safety management roles to oversee and enforce these measures. We conduct regular meetings and periodic inspections to ensure the consistent adherence to our safety standards.

In addition to proactive preventive safety management systems, we have also established a robust accident reporting system. This system includes the classification of accidents, reporting requirements, and procedures for investigation and handling. The objective of this system is to ensure that any incidents are addressed promptly and efficiently, while also serving as an educational tool to prevent the recurrence of similar accidents in the future. By systematically analyzing accidents, we aim to implement corrective actions and enhance our safety protocols, thereby fostering a culture of continuous improvement and safety awareness throughout the organization. During the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable health and work safety related laws and regulations and did not experience any material incidents and claims for personal or property damage related to health and occupational safety.

Integrity and Business Ethics

We are committed to creating a fair business management environment. We promote clear work ethics to employees, and strictly prohibit bribery, extortion, fraud, money laundering and other unethical behaviors, such as gambling, misappropriation of our Group's assets, provision or acceptance of gifts or other improper benefits. In the event of any fraud, it should be reported to our Group through proper channels. We have set up hotlines and e-mails responsible for receiving fraud reports and complaints with senders' names or anonymous reports from employees and external third parties, preparing written records accordingly and reporting to the management in a timely manner. Any illegal discrimination or retaliation against whistleblowers or hostile measures against employees involved in investigations are prohibited.

Workforce Welfare and Diversity

We are steadfast in our commitment to fostering an open and inclusive workplace that champions equality. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to them regardless of gender, age, race, religion or any other social or personal characteristics. We respect labor rights, and we strictly prohibit the recruitment and use of child labor. We established human resources management policies that systematically outline the recruitment processes, promotion procedures, dismissal/resignation processes, performance evaluation approaches, retention strategies, salary and benefits procedures, employee training, etc.

As of June 30, 2026, approximately 50.2% of our total employees were females. Our employees boast a diverse range of experiences and professional backgrounds, encompassing areas such as biomedicine, biochemistry, pharmaceutical engineering, financial management, human resources, and intellectual property, among others. We adhere to a fair and transparent employee management system and strive to enhance gender and age diversity of our workforce. We actively provide training to equip our employees with professional knowledge, skills, and competence, we also encourage employees to actively participate in various training programs during their spare time to enhance their personal and professional skills. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant labor laws and regulations in all material aspects.

Supply Chain Management

Our suppliers primarily include raw material suppliers and contract services providers. Our considerations in supply chains include technical quality, cost effectiveness, delivery efficiency and reliability. Accordingly, we define risks related to supply chains consisting of shortage of raw materials, workforce health and safety incidents, proper disposal of hazardous waste, and internal control for corruption and bribery.

To identify and cope with any potential risks, we established procurement management policies that clearly define the overall review and regular evaluation processes for suppliers, based on which we made a qualified supplier list and update the list from time to time. Additionally, we established management policies in relation to procurement of technical contract services that specifies the responsibilities for the service providers, including CROs, testing organizations, clinical trial centers, etc. The policies also outline due diligence procedures, selection criteria, approval process, performance management and payment settlement. Furthermore, we tend to opt for scaled suppliers with good reputation as we believe such partners are subject to stricter compliance standards and capable of offering more environmentally-friendly products and services. We have also implemented strict anti-corruption and anti-bribery policies to prevent collusion and corruption.

LICENSES, PERMITS AND CERTIFICATES

We are required to obtain and renew certain certificates, permits, and licenses for providing our services. See "Regulatory Overview" for more information about the material certificates, permits, and licenses required for our business operations in the PRC. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our operation, and all of such certificates, permits and licenses are within their respective effective periods, and there was no material legal impediment to the renewal of the certificates, permits and licences scheduled to expire in the near term. We also had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we have not been penalized by the relevant government authorities for any non-compliance relating to maintenance and renewal of our material certificates, permits and licenses.

The table below sets forth the relevant details about the material licenses required for our operation in the PRC:

License/Permit	Holder	Issuing Authority	Date of Grant	Expiry Date
Drug Registration Certificate – Zesuning (Human Thyrotropin beta for Injection)	Our Company	NMPA	January 5, 2026	January 4, 2031
Drug Registration Certificate – Zepsun® (Donafenib Tosilate Tablets)	Our Company	NMPA	November 4, 2025	June 6, 2031
Drug Registration Certificate – Zepuping (Gecacitinib Hydrochloride Tablets)	Our Company	NMPA	May 27, 2025	May 26, 2030
Drug Registration Certificate – Zepuning (Recombinant Human Thrombin)	Our Company	NMPA	December 26, 2023	December 25, 2028
Drug Manufacturing Certificate[(1)]	Our Company	Jiangsu Provincial Medical Products Administration (江蘇省藥品監督管理局)	May 17, 2026	December 5, 2030

Note:

(1) Pursuant to the drug manufacturing certificate, we are approved to manufacture all four of our commercialized drugs.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subjected to legal proceedings, disputes or other claims that arise in the ordinary course of business. As of the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceedings, and we are not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigation. As advised by our PRC Legal Adviser, we had complied with the relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, we had not completed the relevant property leasing registration for ten of our leased properties. For details of the risk associated with the unregistered lease agreements, please refer to "Risk Factors — Other Risks Relating to Our Operations — Our legal right to certain properties may be challenged." During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreement and had not experienced any dispute arising out of, or in relation to, our leased properties. As advised by our PRC Legal Adviser, the validity of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we are notified of any requirements by the relevant government authorities. Our PRC Legal Adviser has advised us, and our Directors believe, that such non-registration would not materially and adversely affect our business operations. Taking into account the PRC Legal Adviser's advice and the due diligence conducted, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view.

During the Track Record Period, we failed to pay social insurance premiums and housing provident funds in full for and on behalf of some of our employees in accordance with applicable PRC laws and regulations. We did not make a provision for the shortfall as the amounts are immaterial relative to the our total assets and are not expected to materially affect our financial statements. Our PRC Legal Adviser is of the view that the risk of incurring material administrative penalties issued by the relevant government authorities is remote based on the following reasons: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to settle any payment shortfall; (ii) we had not been subject to any administrative penalties with respect to social insurance premiums and housing provident funds; and (iii) if any notice related to the payment of social insurance and housing provident funds is received from government authorities in the future, we undertake that we will make up the required amount within the stipulated period. For details, see "Risk Factors — Risks relating to government regulations — Failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects."

Therefore, our Directors believe that our failure to fully pay social insurance premiums and housing provident funds will not have an adverse impact on our financial condition and business operations. Taking into account the PRC Legal Adviser's advice and the due diligence conducted, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. See "Risk Factors — Key Risks Relating to Our Business and Industry" for more details. We have established our risk management systems to identify, assess, monitor and mitigate the risks that may hinder our success including strategic risks, operational risks, financial risks and legal risks.

To monitor the ongoing implementation of 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 include relevant policies against noncompliance in employee handbooks;

- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [**REDACTED**] in Hong Kong;

- enhance our reporting and records system for production facilities, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities; and

- establish a set of emergency procedures in the event of major quality-related issues; and provide enhanced training programs on quality assurance and product safety procedures.

Risks identified by management will be analyzed based on likelihood and impact and will be properly followed up, mitigated and rectified by our Company and reported to our Directors. Our Audit Committee, and ultimately our Directors supervise the implementation of our risk management policies.

Internal Control

Our management team is responsible for establishing our internal controls system and our Board is responsible for reviewing its effectiveness. We have engaged an independent internal control consultant to perform the internal review procedures in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, human resources and payroll management, general controls of IT system, taxation management, contract management, and other procedures of our operations. The internal control consultant performed the internal review procedures from October to December 2025 and identified internal control deficiencies and provided recommendation accordingly. We have adopted the corresponding remediation actions to improve the effectiveness of internal control system. The internal control consultant conducted follow-up review on the remediation status of our internal control system, and as of the Latest Practicable Date, no material deficiencies were identified.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented:

- We have formulated a series of policies that establish the audit committee and remuneration committee, specifying the qualifications, roles, responsibilities, nomination and decision-making processes for committee members. Additionally, we have enacted policies preventing conflicts of interest between committee members, directors and officers, employees and other external business partners.

- We maintain strict anti-corruption and anti-bribery policies among our sales personnel in our sales and academic promotion activities. We also require our distributors to bear integrity obligations pursuant to our distribution agreements. We believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the biopharmaceutical industry.

We have implemented policies for anti-money laundering compliance, including counterparty due diligence, transaction review and approval procedures, and monitoring of unusual transactions. We also require proper documentation and authorization for payments and fund flows. Suspicious activities are subject to internal reporting and escalation procedures.

- We have implemented policies relating to procurement and inventory management, further strengthening our supply chain management capabilities and quality control monitoring.

- Guided by the recommendations from our internal control consultant, we have adopted various policies in relation to information disclosure, ensuring compliance with the Listing Rules.

- We provide various training programs to keep our employees updated on relevant laws, regulations, and policies. Our new employees are required to attend compliance training programs soon after on-boarding and must pass tests which examine their understanding of the compliance issues addressed by the training programs. Our employees are also required to regularly attend on-site and online training sessions to keep them informed of recent updates in the relevant laws and regulations.

- Our Directors, who are responsible for monitoring the corporate governance of our Group, with help from our legal adviser, will also periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

Based on the result of the follow-up review, our Directors are of the view and our internal control consultant concurs that our internal control system in relation to anti-money laundering, anti-corruption and anti-bribery, if implemented continuously, is adequate and effective for our current operational environment.

IMPACT OF COVID-19

Our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date, as we did not experience any material or prolonged operational disruptions and our clinical development, manufacturing and commercialization activities generally progressed as planned. In addition, as COVID-19 prevention and control measures have been substantially lifted since December 2022, our Directors consider it unlikely that the pandemic will have a material adverse impact on us going forward.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information and the respective accompanying notes thereto included in the Accountants' Report set out in Appendix I to this document which have been prepared in accordance with IFRS. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in this document including but not limited to the sections headed "Risk Factors" and "Business" in this document.

OVERVIEW

We are an integrated biopharmaceutical company dedicated to the discovery, development, and commercialization of innovative small-molecule and biologic therapies, with a strategic focus on oncology, autoimmune diseases, and hemostasis/hematology. During the Track Record Period, we achieved steady revenue growth in line with the increased sales of our pharmaceutical products. We recorded revenue of RMB383.6 million, RMB531.5 million, RMB810.2 million, RMB375.5 million and RMB1,204.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit amounted to RMB355.3 million, RMB497.3 million, RMB729.3 million, RMB333.4 million and RMB1,138.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. During the same periods, our gross profit margin was 92.6%, 93.6%, 90.0%, 88.8% and 94.5%, respectively. We had net losses of RMB295.1 million, RMB150.3 million, RMB165.1 million, RMB68.1 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, which primarily resulted from significant R&D expenses and selling and distribution expenses. We had net profit of RMB640.0 million in the six months ended June 30, 2026, primarily attributable to the upfront payment received from AbbVie in accordance the AbbVie Agreement. See "Business — Our Collaboration and License Arrangement" for details.

We expect to continue incurring significant expenses for at least the next several years as we further advance our clinical development and preclinical research plans, and prepare for the commercialization of our drug candidates while expanding market penetration of our marketed products. Subsequent to the [**REDACTED**], our financial performance may fluctuate from period to period due to, among other factors, the development status of our drug candidates and regulatory approval timeline.

BASIS OF PREPARATION

Our historical financial information has been prepared based on the accounting policies set out in Note 4 to the Accountants' Report contained in Appendix I to this document which conform with the International Financial Reporting Standards ("**IFRSs**"), issued by International Accounting Standards Board (the "**IASB**"). In addition, our historical financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The IASB has issued a number of new and revised IFRSs. For the purpose of preparing our historical financial information, we have adopted the accounting policies which conform with all applicable new and revised IFRSs that are effective for the Track Record Period, consistently throughout the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following are the principal factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects:

Growth of China's Pharmaceutical Market, and in Particular, the Therapeutic Areas We Focus on

Our results of operations depend significantly on the overall growth of China's pharmaceutical market, and in particular, the therapeutic areas we focus on. As of the Latest Practicable Date, we have built a diversified pipeline anchored in small-molecule targeted therapies and immunotherapies for oncology, while also extending to autoimmune diseases and hemostasis. According to Frost & Sullivan, China's oncology drug market amounted to RMB279.1 billion in 2025 and is projected to reach by RMB980.0 billion by 2035. China's autoimmune disease drug market amounted to RMB38.0 billion in 2025, and is expected to reach RMB313.4 billion by 2035. The market for surgical topical hemostatic agents in China has reached RMB9.9 billion in 2025 and is projected to grow steadily to RMB18.9 billion by 2035. In addition, China's myelofibrosis drug market size reached RMB2.1 billion in 2025 and is projected to reach RMB3.3 billion in 2035. China's rhTSH drug market size reached RMB31.7 million in 2025, and is projected to reach RMB2.6 billion by 2035.

China's pharmaceutical market is expected to accelerate, driven by several socio-economic and policy factors. Population aging continues to expand the pool of patients with chronic diseases and multimorbidity, fueling sustained demand for long-term biopharmaceutical innovation. Rising healthcare expenditure, supported by economic growth, is improving both affordability and accessibility to innovative drugs. In parallel, the PRC government has rolled out favorable policies, while accelerating the inclusion of high-value therapies into NRDL through annual updates and price negotiations. These measures, combined with streamlined evaluation processes and growing commercial insurance coverage for rare disease drugs, have created a robust and flexible reimbursement environment for innovative treatments. In general, China's overall pharmaceutical market is expected to continue to rise from RMB1,654.6 billion in 2025 to RMB3,017.6 billion by 2035. See "Industry Overview" for more details.

We believe our innovative and diversified pipeline positions us to capture growth opportunities across oncology, autoimmune and hemostasis/hematology therapeutic areas, arising from the sustained expansion of China's pharmaceutical market.

Our Ability to Develop, Commercialize and Increase Market Share of Our Drug Products

Our ability to develop new products, replenish our product pipeline with additional product candidates, and increase market share of our commercialized products has had, and will continue to have, a significant impact on our results of operations and business prospects.

Since our inception, we have remained committed to innovation and continuously advancing our novel drug development. As a result, we have a proven track record in developing and commercializing innovative drugs that have gained rapid market penetration in China. In recent years, the PRC government has promulgated regulations and guidelines, such as the Several Measures to Support the High-Quality Development of Innovative Pharmaceuticals (支持創新藥高質量發展的若干措施), which introduce measures including optimizing innovative drugs supporting policies, establishing a diversified payment system and streamlining hospital access to such innovative drugs, to strengthen regulation of the pharmaceutical industry and promote the development of innovative drugs. The review process of innovative drugs has been reformed continuously in the recent decade including drugs that treat life-threatening injuries, urgently needed drugs in short supply, and drugs needed for major public health emergencies. Based on this dynamic, we have built a mature product portfolio encompassing commercialized drugs, late-stage clinical candidates and early-stage discovery programs. As of the Latest Practicable Date, we had

four commercialized drugs and built a diversified product pipeline comprising 10 drug candidates across 29 key clinical programs. Among our drug candidates, there are four candidates with eight indications at BLA/NDA stage or pivotal/Phase III registrational trial stages, seven candidates with multiple indications in Phase I/II clinical trials, and one candidate in preclinical development. See also "Business — Overview — Our Pipeline."

Our results of operations and business prospects depend on our ability to successfully increase market share of our commercialized products. The sales volume of our commercialized products will be affected by the level of our market penetration. We plan to continue to strengthen our highly specialized sales and distribution network and expand and empower our skilled in-house sales force, which we believe can contribute to the sales growth of our commercialized products. We are also pursuing strategic collaborations with established pharmaceutical companies and distribution partners to extend our reach, accelerate uptake and optimize market penetration.

Our Ability to Enter Medical Insurance Programs and Compete in Pharmaceutical Procurement by Public Medical Institutions in China

The market adoption and sales volume of our products are affected by their inclusion in government-sponsored medical insurance programs. Under China's public medical insurance programs, patients are entitled to reimbursement for all or a portion of the cost of pharmaceutical products listed in the NRDL or critical illness medical insurance catalogs at national or local levels, depending on the particular program applicable to them. Pharmaceutical products included in these programs are subject to relevant pricing regulation, while such programs can significantly increase its demand and sales volume. As of the Latest Practicable Date, three of our approved products, namely Zepsun®, Zepuning and Zepuping (for the treatment of myelofibrosis), had been included in the NRDL. Overall, the benefits of having our drugs included in China's national and provincial medical insurance programs significantly outweighed the countervailing factors during the Track Record Period. We believe these benefits will continue to support our business expansion in the foreseeable future.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of cost of sales, R&D expenses and selling and distribution expenses. During the Track Record Period, we have devoted significant efforts to continuously improving our production efficiency, and as a result of our cost control efforts, our cost of sales as a percentage of revenue decreased from 7.4% in 2023 to 6.4% in 2024. Although the cost of sales as a percentage of revenue increased to 10.0% in 2025, the increase is consistent with the growth in our sales volume and the change of our commercialized product mix in 2025. Our cost of sales as a percentage of revenue decreased from 11.2% for the six months ended June 30, 2025 to 5.5% for the same period in 2026. For details, see "— Period to Period Comparison of Results of Operations."

Since our inception, we have remained committed to innovation and continuously advancing our novel drug development. As a result, R&D expenses have been and are expected to continue to be a major component in our cost structure, considering our continuous development of innovative drugs. Our R&D expenses amounted to RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. For details, see "— Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — R&D Expenses."

During the Track Record Period, we incurred selling and distribution expenses in relation to our sales of marketed pharmaceutical products. Our selling and distribution expenses amounted to RMB250.5 million, RMB271.4 million, RMB465.4 million, RMB211.3 million and RMB284.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. For details, see "— Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Selling and Distribution Expenses."

We expect our cost structure to evolve as we continue to expand our business. With the ongoing development of innovative drugs, advancing preclinical studies and clinical trials will lead to additional costs, including service fees and R&D staff costs.

MATERIAL ACCOUNTING POLICY INFORMATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of our accounting policies, our Directors are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the historical financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in Notes 4 and 5 to the Accountants' Report set out in Appendix I to this document.

Material Accounting Policies

Revenue from Contracts with Customers

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, we use a five-step approach to revenue recognition: (i) step 1: identify the contract(s) with a customer, (ii) step 2: identify the performance obligations in the contract, (iii) step 3: determine the transaction price, (iv) step 4: allocate the transaction price to the performance obligations in the contract, and (v) step 5: recognize revenue when (or as) the entity satisfies a performance obligation.

We recognized revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to customers. For further details, see Note 4 of the Accountants' Report in Appendix I to this document.

Sales of Goods

Revenue from the sales of pharmaceutical products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceutical products. We recognize revenue from the sales of pharmaceutical products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Licensing Revenue

Our licensing revenue may comprise multiple performance obligations, including grants of intellectual property licenses, commitments to provide research and development services, and other deliverables. In accounting for these arrangements, we exercise judgment in developing assumptions to determine the standalone selling price for each performance obligation identified in the contract.

For details material accounting policy information in relation to revenue from contracts with customers, property, plant and equipment, intangible assets and R&D costs, see Note 4 of the Accountants' Report in Appendix I to this document.

Significant Accounting Judgements and Estimates

In the process of applying our accounting policies, our management has made some judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the historical financial information as described in detail in Note 5 to the Accountants' Report in Appendix I to this document.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial are described in detail in Note 5 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	**383,557**	**531,529**	**810,188**	**375,542**	**1,204,390**
Cost of sales	(28,209)	(34,278)	(80,866)	(42,138)	(66,209)
Gross profit	**355,348**	**497,251**	**729,322**	**333,404**	**1,138,181**
Other income and gains	138,380	102,376	106,313	56,153	52,722
Selling and distribution expenses	(250,488)	(271,448)	(465,359)	(211,258)	(284,670)
Administrative expenses	(17,584)	(59,636)	(82,654)	(35,132)	(41,342)
R&D expenses	(496,330)	(387,999)	(429,907)	(196,504)	(199,537)
Other expenses	(4,094)	(6,699)	(2,169)	(2,725)	(15,406)
Finance costs	(24,317)	(28,893)	(24,201)	(13,872)	(11,303)
(Loss)/Profit before tax	**(299,085)**	**(155,048)**	**(168,655)**	**(69,934)**	**638,645**
Income tax credit	3,950	4,749	3,528	1,845	1,365
(Loss)/Profit for the year/period	**(295,135)**	**(150,299)**	**(165,127)**	**(68,089)**	**640,010**

Revenue

During the Track Record Period, we generated revenue from sales of pharmaceutical products in the PRC and our licensing activities. In 2025, our licensing revenue arose from upfront fee paid by Lancet under a the Lancet Agreement. In the six months ended June 30, 2026, our licensing revenue arose from upfront fee paid by AbbVie under the AbbVie Agreement, partially offset by a deduction in respect of the upfront fee previously received from Lancet, which has been reversed in our financial statements following the termination of the license and distribution arrangement with Lancet. For details regarding our licensing activities, see "Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement" and "Business — Our Collaboration and License Arrangement." The following table sets forth a breakdown of our revenue by source of revenue in absolute amounts and as percentages of the total revenue for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Zepsun®	383,557	100.0	530,044	99.7	602,348	74.3	295,221	78.6	277,424	23.0
Zepuning	–	–	1,485	0.3	161,913	20.0	68,509	18.2	118,859	9.9
Zepuping	–	–	–	–	38,380	4.7	11,812	3.1	143,706	11.9
Zesuning	–	–	–	–	–	–	–	–	9,639	0.8
Sales of Pharmaceutical Products	**383,557**	**100.0**	**531,529**	**100.0**	**802,641**	**99.1**	**375,542**	**100.0**	**549,628**	**45.6**
Licensing	**–**	**–**	**–**	**–**	**7,547**	**0.9**	**–**	**–**	**654,762**	**54.4**
Total	**383,557**	**100.0**	**531,529**	**100.0**	**810,188**	**100.0**	**375,542**	**100.0**	**1,204,390**	**100.0**

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) material costs, representing expenses on raw materials and auxiliary materials used for the production of our pharmaceutical products, which primarily consist of chemical raw materials, biologically active pharmaceutical ingredients, APIs, excipients, CDMO processing fees, biological culture media, fillers, and production-related testing reagents, (ii) staff costs, representing employee compensation for our production staff, (iii) manufacturing costs, representing indirect costs necessary for our production, primarily consisting of fuel and power fees, utilities, equipment and building depreciation, factory maintenance, quality management, and salaries of manufacturing staff, (iv) licensing costs, mainly representing clinical trial costs in relation to licensing activities under the AbbVie Agreement, and (v) others, mainly including logistics costs and impairment losses on inventories.

The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of the total cost of sales for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Material costs	20,253	71.8	24,616	71.8	32,506	40.2	15,489	36.8	22,694	34.3
Staff costs	896	3.2	1,260	3.7	9,396	11.6	5,310	12.6	6,733	10.2
Manufacturing costs	5,850	20.7	6,908	20.2	33,005	40.8	16,659	39.5	24,305	36.7
Licensing costs	–	–	–	–	–	–	–	–	8,809	13.3
Others	1,210	4.3	1,495	4.4	5,959	7.4	4,680	11.1	3,668	5.5
Total	**28,209**	**100.0**	**34,278**	**100.0**	**80,866**	**100.0**	**42,138**	**100.0**	**66,209**	**100.0**

The following table sets forth a breakdown of our cost of sales by revenue category in absolute amounts and as percentages of the total cost of sales for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Zepsun®	28,209	–	33,995	99.2	33,051	40.9	15,855	37.6	15,352	23.2
Zepuning	–	–	283	0.8	45,128	55.8	25,714	61.0	25,029	37.8

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000* (Unaudited)	*%*
Zepuping	–	–	–	–	2,687	3.3	569	1.4	13,757	20.8
Zesuning	–	–	–	–	–	–	–	–	3,262	4.9
Sales of Pharmaceutical Products	**28,209**	**100.0**	**34,278**	**100.0**	**80,866**	**100.0**	**42,138**	**100.0**	**57,400**	**86.7**
Licensing	–	–	–	–	–	–	–	–	8,809	13.3
Total	**28,209**	**100.0**	**34,278**	**100.0**	**80,866**	**100.0**	**42,138**	**100.0**	**66,209**	**100.0**

Our material costs significantly increased from RMB24.6 million in 2024 to RMB32.5 million in 2025, primarily attributable to the significant growth in sales volumes of Zepuning following its inclusion in the NRDL. Our material costs increased from RMB15.5 million for the six months ended June 30, 2025 to RMB22.7 million for the same period in 2026, primarily due to the significant growth in sales volumes of Zepuning and Zepuping following its inclusion in the NRDL, as well as the commercialization of Zesuning.

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less our cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB355.3 million, RMB497.3 million, RMB729.3 million, RMB333.4 million and RMB1,138.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, while our gross profit margin reached 92.6%, 93.6%, 90.0%, 88.8% and 94.5% during the same periods. The following table sets forth a breakdown of our gross profit and gross profit margin by source of revenue for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000* (Unaudited)	*%*
Zepsun®	355,348	92.6	496,049	93.6	569,298	94.5	279,366	94.6	262,072	94.5
Zepuning	–	–	1,202	80.9	116,784	72.1	42,795	62.5	93,830	78.9
Zepuping	–	–	–	–	35,693	93.0	11,243	95.2	129,948	90.4
Zesuning	–	–	–	–	–	–	–	–	6,378	66.2
Sales of Pharmaceutical Products	**355,348**	**92.6**	**497,251**	**93.6**	**721,775**	**90.0**	**333,404**	**88.8**	**492,228**	**89.6**
Licensing	**–**	**–**	**–**	**–**	**7,547**	**100.0**	**–**	**–**	**645,953**	**98.7**
Total	**355,348**	**92.6**	**497,251**	**93.6**	**729,322**	**90.0**	**333,404**	**88.8**	**1,138,181**	**94.5**

In 2023 and 2024, all of our gross profit was attributable to sales of pharmaceutical products. In 2025, our total gross profit amounted to RMB729.3 million, taking into account sales of pharmaceutical products as well as licensing activities with Lancet. For the six months ended June

30, 2025, our gross profit amounted to RMB333.4 million, attributable to sales of pharmaceutical products, while for the six months ended June 30, 2026, our gross profit amounted to RMB1,138.2 million, taking into account sales of pharmaceutical products as well as licensing activities with AbbVie.

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of (i) bank interest income, mainly from our bank deposits on A-share proceeds, (ii) government grants, which were mainly provided by local governments as subsidies, such as new drug R&D and clinical trials subsidies and long-term free use of equipment, for our R&D projects of innovative drugs and were largely one-off in nature, (iii) gain from changes in fair value of financial assets at financial assets at fair value through profit or loss ("**FVTPL**"), (iv) gain on derecognition of financial assets at FVTPL, (v) sales of pharmaceutical intermediates and raw materials, which mainly included sales of pharmaceutical intermediates generated in our drug production process to other biopharmaceutical companies for use in their R&D activities, and the resale of surplus raw materials such as culture media originally purchased for drug R&D and production, in order to optimize our asset utilization and (vi) others. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded other income and gains of RMB138.4 million, RMB102.4 million, RMB106.3 million, RMB56.2 million and RMB52.7 million, respectively. The following table sets forth a breakdown of our other income and gains in absolute amounts and as percentages of total other income for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Bank interest income	39,355	28.4	58,288	56.9	55,125	51.9	28,161	50.2	27,944	53.0
Government grants	81,455	58.9	35,801	35.0	49,691	46.7	27,082	48.2	21,252	40.3
Gain from changes in fair value of financial assets at FVTPL	10,991	7.9	6,046	5.9	841	0.8	801	1.4	576	1.1
Gain on derecognition of financial assets at FVTPL	3,694	2.7	812	0.8	359	0.3	–	–	1,981	3.8
Sales of pharmaceutical intermediates and raw materials	2,805	2.0	1,333	1.3	273	0.3	93	0.2	943	1.8
Others	80	0.1	96	0.1	24	0.0	16	0.0	26	0.0
Total	**138,380**	**100.0**	**102,376**	**100.0**	**106,313**	**100.0**	**56,153**	**100.0**	**52,722**	**100.0**

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses mainly consisted of (i) staff costs, representing employee compensation for our sales personnel, (ii) marketing expenses, mainly representing promotion fees in association with hosting and participating academic conferences and exhibitions as well as service fees paid to our CSOs, (iii) patent royalties which we paid for a transferred patent technology used in the production process of Zepsun®, payable annually as a fixed percentage of revenue generated from the sales of Zepsun® less operating cost to the original patent holder as agreed, and (iv) others, mainly including costs of promotional samples, utilities, daily office expenses and depreciation of marketing-related fixed assets and right-of-use assets. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded selling and distribution expenses of RMB250.5 million, RMB271.4 million, RMB465.4

million, RMB211.3 million and RMB284.7 million, respectively. The following table sets forth a breakdown of our selling and distribution expenses in absolute amounts and as percentages of the total selling and distribution expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Staff costs	131,084	52.3	136,849	50.4	149,631	32.2	72,846	34.5	102,140	35.9
Marketing expenses	104,535	41.7	114,741	42.3	296,543	63.7	128,958	61.0	174,032	61.1
Patent royalties	12,849	5.1	17,584	6.5	17,171	3.7	8,511	4.0	7,474	2.6
Others	2,020	0.8	2,274	0.8	2,014	0.4	943	0.4	1,024	0.4
Total	**250,488**	**100.0**	**271,448**	**100.0**	**465,359**	**100.0**	**211,258**	**100.0**	**284,670**	**100.0**

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) share-based payment, (ii) staff costs, mainly representing employee compensation for our administrative personnel, (iii) office and leasing expenses, (iv) professional service fees paid to external professional service providers, (v) depreciation and amortization, and (vi) others, mainly including travel expenses, recruiting expenses, repairment expenses, environmental protection expenses, property management fee, greening fee, conference fee, taxes and surcharges.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded administrative expenses of RMB17.6 million, RMB59.6 million, RMB82.7 million, RMB35.1 million and RMB41.3 million, respectively.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Share-based payment	(34,109)	(194.0)	1,617	2.7	3,339	4.0	3,339	9.5	–	0.0
Staff costs	19,478	110.8	18,636	31.2	32,091	38.8	10,711	30.5	10,432	25.2
Office and leasing expenses	5,083	28.9	4,710	7.9	4,003	4.8	2,313	6.6	2,660	6.4
Professional service fees	2,364	13.4	6,615	11.1	5,345	6.5	2,106	6.0	6,424	15.5
Depreciation and amortization	16,198	92.1	19,400	32.5	15,633	18.9	8,455	24.1	6,894	16.7
Others	8,570	48.7	8,658	14.5	22,243	26.9	8,207	23.4	14,933	36.1
Total	**17,584**	**100.0**	**59,636**	**100.0**	**82,654**	**100.0**	**35,132**	**100.0**	**41,342**	**100.0**

R&D Expenses

During the Track Record Period, our R&D expenses primarily consisted of (i) staff costs, representing employee compensation for our R&D personnel, (ii) costs of raw materials, reagents, and consumables used in both preclinical studies and clinical trials, (iii) preclinical trial fees paid to external parties such as CROs for conducting relevant studies, and clinical trial service fees paid to CROs or medical institutions for conduction clinical trials, (iv) depreciation of fixed assets and

right-of-use assets, and amortization of intangible assets, and (v) others, mainly including office expenses, transportation and travel expenses, certification registration fees, meeting fees, equipment rental and maintenance fees, and insurance premiums.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded R&D expenses of RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million, respectively.

The following table sets forth a breakdown of our R&D expenses in absolute amounts and as percentages of the total R&D expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Staff costs	140,723	28.4	117,609	30.3	130,539	30.4	62,481	31.8	66,226	33.2
Costs of raw materials, reagents, and consumables	70,063	14.1	49,963	12.9	72,247	16.8	24,731	12.6	31,347	15.7
Preclinical trial and clinical trial service fees	218,892	44.1	168,877	43.5	173,052	40.3	82,093	41.8	84,334	42.3
Depreciation and amortization	37,450	7.5	32,613	8.4	28,789	6.7	17,427	8.9	8,755	4.4
Others	29,202	5.9	18,937	4.9	25,280	5.9	9,772	5.0	8,875	4.4
Total	**496,330**	**100.0**	**387,999**	**100.0**	**429,907**	**100.0**	**196,504**	**100.0**	**199,537**	**100.0**

Other Expenses

During the Track Record Period, our other expenses primarily consisted of (i) impairment losses on trade and bills receivables, (ii) bank charges, (iii) exchange loss, net, (iv) cost of sales of pharmaceutical intermediates and raw materials, (v) impairment losses on other receivables and deposits, (vi) donation, (vii) loss on disposal and write-off of property, plant and equipment, and (viii) others.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our other expenses amounted to RMB4.1 million, RMB6.7 million, RMB2.2 million, RMB2.7 million and RMB15.4 million, respectively.

The following table sets forth a breakdown of our other expenses in absolute amounts and as percentages of the total other expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Impairment losses on trade and bills receivables	640	15.7	2,219	33.0	417	19.2	1,689	62.0	2,793	18.1
Bank charges	135	3.3	205	3.1	382	17.6	216	7.9	273	1.8
Exchange loss, net	30	0.7	13	0.2	901	41.5	46	1.7	12,156	78.9
Cost of sales of pharmaceutical intermediates and raw materials	984	24.0	2,690	40.2	126	5.8	37	1.4	130	0.8

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (Unaudited)*	*%*	*RMB'000 (Unaudited)*	*%*
Impairment losses recognised/(reversed) on other receivables and deposits	980	23.9	1,540	23.0	(299)	13.8	49	1.8	30	0.2
Donation	1,010	24.7	–	–	5	0.2	–	–	77	0.5
Loss on disposal and write off of property, plant and equipment	280	6.8	–	–	–	–	–	–	2	0.0
Others	35	0.9	32	0.5	637	29.4	688	25.2	(55)	(0.4)
Total	**4,094**	**100.0**	**6,699**	**100.0**	**2,169**	**100.0**	**2,725**	**100.0**	**15,406**	**100.0**

Finance Costs

During the Track Record Period, our finance costs primarily consisted of interest on bank borrowings and lease liabilities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 , we recorded finance costs of RMB24.3 million, RMB28.9 million, RMB24.2 million, RMB13.9 million and RMB11.3 million, respectively.

The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Interest on bank borrowings	22,553	26,839	23,411	13,480	11,017
Interest on lease liabilities	1,764	2,054	790	392	286
Total	**24,317**	**28,893**	**24,201**	**13,872**	**11,303**

Income Tax Credit

Our income tax credit consists of current tax and deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and/or operate. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we had income tax credit of RMB4.0 million, RMB4.7 million, RMB3.5 million, RMB1.8 million and RMB1.4 million, respectively. The following table sets forth a breakdown of our income tax credit for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Current tax					
– Charge for the year/period	80	47	476	172	246
– Overprovision in prior periods	(84)	(813)	(7)	(7)	–
Deferred tax credit	(3,946)	(3,983)	(3,997)	(2,010)	(1,611)
Total	**(3,950)**	**(4,749)**	**(3,528)**	**(1,845)**	**(1,365)**

Our Company was eligible for a preferential income tax rate of 15% for a qualification of "High and New Technology Enterprise" during the Track Record Period.

Our subsidiary, Zhejiang Zelgen, was eligible for a preferential income tax rate of 20% for a qualification of "Small and Low-profit Enterprises" during the Track Record Period. Our subsidiaries, Suzhou Zelgen and Shanghai Zelgen were eligible for a preferential income tax rate of 20% for a qualification of "Small and Low-profit Enterprises" in 2023 and 2024.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Period Ended June 30, 2026 Compared to the Period Ended June 30, 2025

Revenue. Our revenue increased significantly by RMB828.8 million, or 220.7%, from RMB375.5 million for the six months ended June 30, 2025 to RMB1,204.4 million for the six months ended June 30, 2026, primarily due to the recognition of licensing revenue arising from the upfront fee paid by AbbVie under the AbbVie Agreement, as well as increased sales of our pharmaceutical products.

Our revenue generated from the sales of Zepsun® amounted to RMB277.4 million for the six months ended June 30, 2026, which remained relatively stable as compared to such revenue of RMB295.2 million for the same period in 2025. The sales volume of Zepsun® was 130.7 thousand boxes for the six months ended June 30, 2026, compared to 139.1 thousand boxes for the same period in 2025. The average selling price of Zepsun® was RMB2,123.4 per box, as compared to RMB2,122.3 per box for the same period in 2025.

Our revenue generated from the sales of Zepuning increased by RMB50.4 million, or 73.5%, from RMB68.5 million for the six months ended June 30, 2025 to RMB118.9 million for the six months ended June 30, 2026, primarily due to an increase in sales volume from 206.1 thousand boxes to 383.5 thousand boxes, despite the decrease in average selling price from RMB332.4 per box to RMB309.9 per box, in the corresponding periods. The increase in the sales volume of Zepuning reflected an expanded market coverage as a result of (i) the inclusion of Zepuning in the NRDL with the effective date on January 1, 2025, and (ii) the successful marketing and promotion results from the strategic partnership with Grand Life Sciences following the inclusion of Zepuning in the NRDL. The decrease in the average selling price of Zepuning was mainly related to the pricing adjustment following VAT rate adjustment in PRC during the corresponding period.

Our revenue generated from the sales of Zepuping increased from RMB11.8 million for the six months ended June 30, 2025 to RMB143.7 million for the six months ended June 30, 2026 following its commercialization in May 2025, primarily due to an increase in sales volume from 1.4 thousand boxes to 33.6 thousand boxes, despite the decrease in average selling price from RMB8,266.2 per box to RMB4,279.0 per box following its inclusion in the NRDL for the treatment of myelofibrosis in January, 2026.

Our revenue generated from the sales of Zesuning was RMB9.6 million for the six months ended June 30, 2026 following its commercialization in January 2026. For the six months ended June 30, 2026, we recorded a sales volume of 1.1 thousand boxes for Zesuning, with an average selling price of RMB9,153.8 per box.

For the six months ended June 30, 2026, we also recorded revenue of RMB654.8 million from licensing activities, which represented the upfront fee paid by AbbVie under the AbbVie Agreement, partially offset by a deduction in respect of the upfront fee previously received from Lancet, which has been reversed in our financial statements following the termination of the license and distribution arrangement with Lancet. For details, see "Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement" and "Business — Our Collaboration and License Arrangement."

Cost of Sales. Our cost of sales increased by RMB24.1 million, or 57.1%, from RMB42.1 million for the six months ended June 30, 2025 to RMB66.2 million for the six months ended June 30, 2026, consistent with the growth in revenue and sales volumes of our commercialized products.

Our material costs increased from RMB15.5 million for the six months ended June 30, 2025 to RMB22.7 million for the six months ended June 30, 2026, primarily attributable to the significant growth in sales volumes of Zepuning and Zepuping following its inclusion in the NRDL, as well as the commercialization of Zesuning.

Our staff costs increased by RMB1.4 million, or 26.8%, from RMB5.3 million for the six months ended June 30, 2025 to RMB6.7 million for the six months ended June 30, 2026 as a result of the increase in staff costs resulting from the overall growth in sales volumes of our commercialized products, partially offset by a decrease in the unit labor cost of Zepuning.

Our manufacturing costs increased by RMB7.6 million, or 45.9%, from RMB16.7 million for the six months ended June 30, 2025 to RMB24.3 million for the six months ended June 30, 2026, primarily attributable to the significant increase of the sales volumes of Zepuning following its inclusion in the NRDL, which resulted in its increased production volume and our relevant expenses on its in-house manufacturing, as well as newly incurred manufacturing costs for Zepuping following its commercialization in May 2025 and its inclusion in NRDL in January 2026.

Gross Profit and Gross Profit Margin. As a result of the cumulative effect of the factors described above, our gross profit increased by RMB804.8 million, or 241.4%, from RMB333.4 million for the six months ended June 30, 2025 to RMB1,138.2 million for the six months ended June 30, 2026.

For the six months ended June 30, 2026, our total gross profit amounted to RMB1,138.2 million, taking into account revenue from our licensing activities with AbbVie. Our gross profit margin of sales of pharmaceutical products slightly increased from 88.8% for the six months ended June 30, 2025 to 89.6% for the six months ended June 30, 2026, primarily due to the change of product mix for the six months ended June 30, 2026. Specifically, our gross profit margin for Zepsun® remained relatively stable at 94.6% and 94.5% for the six months ended June 30, 2025 and 2026, respectively; our gross profit margin for Zepuning increased from 62.5% for the six months ended June 30, 2025 to 78.9% for the six months ended June 30, 2026, primarily due to the lowered the unit production cost following its scaled production, despite the decrease in its average selling price from RMB332.4 per box to RMB309.9 per box resulting from the pricing adjustment following VAT rate adjustment in PRC during the corresponding period; our gross profit margin for Zepuping decreased from 95.2% for the six months ended June 30, 2025 to 90.4% for the six months ended June 30, 2026, primarily due to its lowered average selling price from RMB8,266.2 per box to RMB4,279.0 per box, despite the increase in its sales volume in the corresponding period, following its inclusion in NRDL in January 2026; and our gross profit margin for Zesuning was 66.2% for the six months ended June 30, 2026.

Other Income and Gains. Our other income and gains decreased by RMB3.4 million, or 6.1%, from RMB56.2 million for the six months ended June 30, 2025 to RMB52.7 million for the six months ended June 30, 2026. This decrease was primarily due to a decrease of RMB5.8 million in government grants resulting from a decrease in the amount of biomedical science and technology innovation subsidies received from the Kunshan Municipal Government as compared to the corresponding period in 2025, together with the full amortization of a government grant that was previously recognized as deferred income in early 2026; partially offset by an increase of RMB2.0 million in gain on derecognition of financial assets at FVTPL in relation to the maturity redemption of structured deposits during the period.

Selling and Distribution Expenses. Our selling and distribution expenses increased by RMB73.4 million, or 34.7%, from RMB211.3 million for the six months ended June 30, 2025 to RMB284.7 million for the six months ended June 30, 2026, primarily due to (i) an increase in

marketing expenses of RMB45.1 million, mainly attributable to increased sales of Zepuning, which resulted in a corresponding increase in the market promotion service fee paid to our exclusive CSO for Zepuning; and (ii) an increase in staff costs of RMB29.3 million, primarily attributable to the expansion of our sales force in connection with the commercialization of Zepuping.

Administrative Expenses. Our administrative expenses increased by RMB6.2 million, or 17.7%, from RMB35.1 million for the six months ended June 30, 2025 to RMB41.3 million for the six months ended June 30, 2026, primarily due to (i) an increase in others of RMB6.7 million, mainly attributable to an increase in inventory write-off and increased value added tax expenses in line with our increased sales of pharmaceutical products and (ii) an increase in professional service fees of RMB4.3 million mainly including auditing services and legal service fees; partially offset by (i) a decrease in share-based payment of RMB3.3 million, as the one-off settlement of share-based payment for our U.S. subsidiary in the corresponding period of 2025 did not recur in 2026.

R&D Expenses. Our R&D expenses increased by RMB3.0 million, or 1.5%, from RMB196.5 million for the six months ended June 30, 2025 to RMB199.5 million for the six months ended June 30, 2026, primarily due to (i) an increase in costs of raw materials, reagents, and consumables of RMB6.6 million, mainly attributable to the formulation development of the 75mg tablet of Zepuping and the stocking of raw materials for qualification of a second supplier, (ii) an increase in staff costs of RMB3.7 million, mainly attributable to an increase in the number of R&D personnel, and (iii) an increase in preclinical and clinical trial service fees of RMB2.2 million, in relation to newly added pharmacology and toxicology analysis services for ZGGS34; partially offset by a decrease in depreciation and amortization of RMB8.7 million, mainly attributable to the reclassification of depreciation and amortization of production facilities and equipment relating to Zepuping and Zesuning from R&D expenses to manufacturing costs following their respective commercialization.

Other Expenses. Our other expenses increased by RMB12.7 million, or 465.4%, from RMB2.7 million for the six months ended June 30, 2025 to RMB15.4 million for the six months ended June 30, 2026, primarily due to (i) an increase in net exchange loss of RMB12.1 million resulting from the currency fluctuation on our USD-denominated monetary assets in connection with the upfront payment received under the AbbVie Agreement and (ii) an increase in impairment losses on trade and bills receivables of RMB1.1 million.

Finance Costs. Our finance costs decreased by RMB2.6 million, or 18.5%, from RMB13.9 million for the six months ended June 30, 2025 to RMB11.3 million for the six months ended June 30, 2026, primarily due to the decrease in interest on bank borrowings.

Income Tax Credit. Our income tax credit remained stable at RMB1.8 million and RMB1.4 million during the six months ended June 30, 2025 and 2026, respectively.

(Loss)/Profit for the Period. As a result of the foregoing, we turned from a net loss of RMB68.1 million for the six months ended June 30, 2025 to a net profit of RMB640.0 million for the six months ended June 30, 2026, primarily attributable to the significant licensing revenue recognized during the period.

Year Ended December 31, 2025 Compared to the Year Ended December 31, 2024

Revenue. Our revenue increased significantly by RMB278.7 million, or 52.4%, from RMB531.5 million in 2024 to RMB810.2 million in 2025, primarily due to the increased sales volume of our commercialized products.

Our revenue generated from the sales of Zepsun® increased by RMB72.3 million, or 13.6%, from RMB530.0 million in 2024 to RMB602.3 million in 2025, primarily due to (i) an increase in sales volume from 265.0 thousand boxes to 283.6 thousand boxes, and (ii) an increase in average

selling price from RMB2,000.0 per box to RMB2,123.8 per box, in the corresponding periods, both of which were results of expanded market coverage and sales channels. As the proportion of sales through primary distributors increased, the overall commercial discount level decreased, resulting in a higher blended average selling price.

Our revenue generated from the sales of Zepuning increased by RMB160.4 million, or 10,803.2%, from RMB1.5 million in 2024 to RMB161.9 million in 2025, primarily due to an increase in sales volume from 2.4 thousand boxes to 493.5 thousand boxes, despite the decrease in average selling price from RMB615.2 per box to RMB328.1 per box, in the corresponding periods. The increase in the sales volume of Zepuning reflected an expanded market coverage as a result of (i) the inclusion of Zepuning in the NRDL with the effective date on January 1, 2025, and (ii) the successful marketing and promotion results from the strategic partnership with Grand Life Sciences following the inclusion of Zepuning in the NRDL. The decrease in the average selling price of Zepuning was due to its inclusion in the NRDL.

Our revenue generated from the sales of Zepuping increased from nil in 2024 to RMB38.4 million in 2025 following its commercialization in May 2025. In 2025, we recorded a sales volume of 5.3 thousand boxes for Zepuping, with an average selling price of RMB7,310.6 per box.

In 2025, we also generated licensing revenue of RMB7.5 million, which represented the revenue recognized from the upfront fee paid by an overseas distributor under a license and distribution agreement. For details, see "Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement."

Cost of Sales. Our cost of sales increased by RMB46.6 million, or 135.9%, from RMB34.3 million in 2024 to RMB80.9 million in 2025, consistent with the growth in revenue and sales volumes of our commercialized products.

Our material costs increased from RMB24.6 million in 2024 to RMB32.5 million in 2025, primarily attributable to the significant growth in sales volumes of Zepuning following its inclusion in the NRDL.

Our staff costs increased by RMB8.1 million, or 645.7%, from RMB1.3 million in 2024 to RMB9.4 million in 2025 as a result of an increased number of production staff, which was primarily attributable to the significant growth in sales volumes of Zepuning following its inclusion in the NRDL. Unlike Zepsun®, for which we outsourced the production of intermediates and APIs to external CDMOs, Zepuning's production is conducted fully in-house, and involves complex biopharmaceutical processes and long production cycles, requiring a higher amount of labor input. Additionally, the commercialization of Zepuping in May 2025 also led to increased staff costs associated with its production.

Our manufacturing costs increased by RMB26.1 million, or 377.8%, from RMB6.9 million in 2024 to RMB33.0 million in 2025, primarily attributable to the significant increase of the sales volumes of Zepuning following its inclusion in the NRDL, which resulted in the increased manufacturing volume of Zepuning and our relevant expenses on in-house manufacturing of Zepuning, as well as newly incurred manufacturing costs for Zepuping following its commercialization in May 2025.

Gross Profit and Gross Profit Margin. As a result of the cumulative effect of the factors described above, our gross profit of sales of pharmaceutical products increased by RMB224.5 million, or 45.2%, from RMB497.3 million in 2024 to RMB721.8 million in 2025. In 2025, our total gross profit amounted to RMB729.3 million, taking into account the revenue from licensing activities. Our gross profit margin of sales of pharmaceutical products slightly decreased from 93.6% in 2024 to 90.0% in 2025, primarily due to the change of product mix in 2025. Specifically, our gross profit margin for Zepsun® remained relatively stable at 93.6% and 94.5% in 2024 and

2025, respectively; our gross profit margin for Zepuning decreased from 80.9% in 2024 to 72.1% in 2025, primarily due to the decrease in its average selling price from RMB615.2 per box to RMB328.1 per box following its inclusion in the NRDL; and our gross profit margin for Zepuping was 93.0% in 2025.

Other Income and Gains. Our other income and gains increased by RMB3.9 million, or 3.8%, from RMB102.4 million in 2024 to RMB106.3 million in 2025. This increase was primarily due to an increase of RMB13.9 million in government grants, resulting from the grant of RMB18.1 million in biomedical science and technology innovation subsidies from the Kunshan Municipal Government in the first quarter of 2025; partially offset by a decrease in bank interest income of RMB3.2 million resulting from the decreased interest on bank borrowings and a decrease in the gain from changes in fair value of financial assets at FVTPL of RMB5.2 million, as our structured deposits were redeemed upon maturity.

Selling and Distribution Expenses. Our selling and distribution expenses increased by RMB193.9 million, or 71.4%, from RMB271.4 million in 2024 to RMB465.4 million in 2025, primarily due to (i) an increase in marketing expenses of RMB181.8 million, mainly attributable to (a) increased service fees paid to Grand Life Sciences in line with the growth in sales volume of Zepuning following its inclusion in the NRDL in January 2025, payable at a fixed percentage of the revenue generated from the sales of it, and (b) significant early-stage promotion and marketing activities in association with the commercialization of Zepuping; and (ii) an increase in staff costs of RMB12.8 million, primarily attributable to the expansion of our sales force in connection with the commercialization of Zepuping.

Administrative Expenses. Our administrative expenses increased by RMB23.0 million, or 38.6%, from RMB59.6 million in 2024 to RMB82.7 million in 2025, primarily due to (i) an increase in staff costs of RMB13.5 million, mainly atrributable to severance pay and termination benefits totaling RMB8.08 million for employees of Gensun Biopharma in connection with its deregistration, as well as employee salary adjustments, (ii) an increase in taxes and surcharges of RMB7.0 million, which was resulted from increased VAT output tax associated with our revenue growth in 2025; and (iii) an increase in share-based payment expenses of RMB1.7 million, partially offset by a decrease in depreciation and amortization of RMB3.8 million, primarily due to a reduction in right-of-use asset amortization following the decrease in our office lease payments due to the reduction in the rental fees.

R&D Expenses. Our R&D expenses increased by RMB41.9 million, or 10.8%, from RMB388.0 million in 2024 to RMB429.9 million in 2025, primarily due to (i) an increase in staff costs of RMB12.9 million, or 11.0%, mainly attributable to an increased number of R&D personnel, as well as the recruitment of certain senior R&D talent at higher salary range; (ii) an increase in costs of raw materials, reagents, and consumables of RMB22.3 million, or 44.6%, mainly attributable to an increased production expenses of trial drugs for multiple clinical studies of ZG005 and ZG006, the increased expenses on the procurement of comparator drugs, as well as the consumption of trial drugs of ZG005 and ZG006 in clinical studies due to their outsourced manufacturing; and (iii) an increase in preclinical and clinical service fees of RMB4.2 million, or 2.5%, mainly attributable to the increased clinical trial projects and corresponding fees for our core pipeline candidates including ZG005, ZG006, as well as Zesuning.

Other Expenses. Our other expenses decreased by RMB4.5 million, or 67.6%, from RMB6.7 million in 2024 to RMB2.2 million in 2025, primarily due to (i) a decrease in cost of sales of pharmaceutical intermediates and raw materials of RMB2.6 million, as sales of such intermediates and raw materials were occasional and the relevant amount of sales revenue was uncertain, which significantly reduced in 2025, and (ii) a decrease in impairment losses on other receivables and deposits of RMB1.8 million; partially offset by the increase in others of RMB636.5 thousand, mainly arising from (i) administrative penalties amounting to RMB300.0 thousand, and (ii) an one-off compensation of RMB335.3 thousand we paid to certain trial participants for adverse reactions in clinical trials to cover associated medical expenses and provide additional

compensation. According to the current GCP provisions, such compensation payment was a compliance requirement in the industry and a statutory duty of the Company to safeguard the rights of trial participants. See "Risk Factors — Adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved drug, or result in significant negative consequences following any regulatory approval."

Finance Costs. Our finance costs decreased by RMB4.7 million, or 16.2%, from RMB28.9 million in 2024 to RMB24.2 million in 2025, primarily due to the decrease in interest on bank borrowings.

Income Tax Credit. We recorded income tax credit of RMB4.7 million and RMB3.5 million in 2024 and 2025, respectively.

Loss for the Year. As a result of the foregoing, our net loss increased by RMB14.8 million, or 9.9%, from RMB150.3 million in 2024 to RMB165.1 million in 2025.

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2024

Revenue. Our revenue increased significantly by RMB147.9 million, or 38.6%, from RMB383.6 million in 2023 to RMB531.5 million in 2024, primarily due to the steady progress in the commercialization of our products, which contributed to the increase in their sales volume.

Our revenue generated from the sales of Zepsun® increased by RMB146.4 million, or 38.2%, from RMB383.6 million in 2023 to RMB530.0 million in 2024, primarily due to (i) an increase in sales volume from 207.4 thousand boxes to 265.0 thousand boxes, and (ii) an increase in average selling price from RMB1,849.0 per box to RMB2,000.0 per box, in the corresponding periods, both of which were driven by its expanded market coverage and sales channels. As the proportion of sales through primary distributors increased, the overall commercial discount level decreased, resulting in a higher blended average selling price.

Our revenue generated from the sales of Zepuning increased from nil in 2023 to RMB1.5 million in 2024 following its commercialization in January 2024. In 2024, we recorded a sales volume of 2.4 thousand boxes for Zepuning, with an average selling price of RMB615.2 per box.

Cost of Sales. Our cost of sales increased by RMB6.1 million, or 21.6%, from RMB28.2 million in 2023 to RMB34.3 million in 2024, primarily due to the increases in the sales volume of our products.

Our material costs increased from RMB20.3 million in 2023 to RMB24.6 million in 2024, representing a year-on-year increase of RMB4.4 million, primarily due to increased material consumption in line with the increase in the sales volumes of Zepsun®.

Our staff costs increased by RMB0.4 million, or 40.6%, from RMB0.9 million in 2023 to RMB1.3 million in 2024 primarily attributable to the growth in sales volumes of Zepsun® and the increase of employee compensation of the production personnel of Zepsun®, and increased number of production staff in association with the commercialization of Zepuning in January 2024.

Our manufacturing costs increased by RMB1.1 million, or 18.1%, from RMB5.9 million in 2023 to RMB6.9 million in 2024, primarily attributable to the increase in the sales volumes of Zepsun®.

Gross Profit and Gross Profit Margin. As a result of the cumulative effect of the factors described above, our gross profit increased by RMB142.0 million, or 40.0%, from RMB355.3 million in 2023 to RMB497.3 million in 2024, while our gross profit margin remained high and stable at 92.6% and 93.6% during the same period. Specifically, our gross profit margin for Zepsun® remained relatively stable at 92.6% and 93.6% in 2023 and 2024, respectively.

Other Income and Gains. Our other income and gains decreased by RMB36.0 million, or 26.0%, from RMB138.4 million in 2023 to RMB102.4 million in 2024, primarily due to a decrease in government grants, partially offset by an increase in bank interest income.

Selling and Distribution Expenses. Our selling and distribution expenses increased by RMB20.9 million, or 8.3%, from RMB250.5 million in 2023 to RMB271.4 million in 2024, primarily due to (i) an increase in marketing expenses of RMB10.2 million, (ii) an increase in staff costs of RMB5.8 million primarily attributable to the increased bonus as a result of growth in sales revenue, and (iii) an increase in patent royalties of RMB4.7 million, which were mainly attributable to the increased sales volume of Zepsun® in the same periods.

Administrative Expenses. Our administrative expenses increased significantly by RMB42.0 million from RMB17.6 million in 2023 to RMB59.6 million in 2024, primarily because we reversed the previously recognized share-based payment expenses in 2023 pursuant to the assessment of our restricted share incentive scheme, which resulted in unusually low administrative expenses for that year.

Under our 2021 restricted share incentive scheme, we granted restricted shares to eligible employees at a certain grant price, with vesting linked to cumulative performance targets for the period from 2021 to 2023 as well as service conditions. Based on the expected achievement of these targets, the Company initially recognized substantial share-based payment expenses in 2021 and 2022. However, by the end of 2023, actual sales growth did not meet the performance criteria. According to IFRS 2, if the service period condition or the non-market performance condition is not satisfied, the number of equity instruments that ultimately vest is zero. Therefore, the cumulative share-based payment expense that should be recognized during the vesting period is also zero, and any previously recognized share-based payment expenses must be reversed. As a result, the restricted shares did not vest and the previously recognized expenses were reversed, leading to unusually low administrative expenses in 2023.

R&D Expenses. Our R&D expenses decreased by RMB108.3 million, or 21.8%, from RMB496.3 million in 2023 to RMB388.0 million in 2024, primarily due to (i) a decrease in staff costs of RMB23.1 million, which was primarily resulted from the reclassification of certain R&D support personnel to commercial production roles following the commercialization of Zepuning in January 2024 and the transition of R&D activities to commercial production, as a result of certain R&D personnel, quality management staff and supporting production personnel were reclassified into commercial production roles; (ii) a decrease in costs of raw materials, reagents, and consumables of RMB20.1 million, mainly attributable to lower requirements of relevant materials with Gecacitinib Hydrochloride Tablets (as treatment for autoimmune diseases) entering following-up stages of Phase III clinical trials and ZG005 and ZG006 in earlier Phase I/II clinical trials; (iii) a decrease in preclinical trial and clinical trial service fees of RMB50.0 million, as Gecacitinib Hydrochloride Tablets (as treatment for autoimmune diseases) entered following-up stages of Phase III clinical trials and ZG005 and ZG006 in earlier Phase I/II clinical trials; and (iv) a decrease in others of RMB10.2 million, primarily because 2023 incurred higher utility and related costs due to dynamic-inspection production and R&D activities for Zepuping and Zepuning, as well as higher costs tied to production-line upgrades for Zesuning before its commercialization.

Other Expenses. Our other expenses increased by RMB2.6 million from RMB4.1 million in 2023 to RMB6.7 million in 2024, primarily due to (i) an increase in cost of sales of pharmaceutical intermediates and raw materials of RMB1.7 million, (ii) an increase in impairment losses on trade and bills receivables, and (iii) donation of RMB1.0 million in 2023.

Finance Costs. Our finance costs increased by RMB4.6 million, or 18.9%, from RMB24.3 million in 2023 to RMB28.9 million in 2024, primarily due to an increase in interest on bank borrowings.

Income Tax Credit. Our income tax credit remained relatively stable at RMB4.0 million in 2023 and RMB4.7 million in 2024.

Loss for the Year. As a result of the foregoing, our net loss decreased by RMB144.8 million, or 49.1%, from RMB295.1 million in 2023 to RMB150.3 million in 2024.

BUSINESS SUSTAINABILITY

Since our inception, we have remained committed to innovation and continuously advancing our novel drug development. Having accumulated nearly two decades of experience, leveraging our dual-engine innovation strategy that integrates small-molecule and biologic therapies, we have developed comprehensive capabilities across discovery, development, manufacturing, and commercialization, which have enabled us to build a diversified, multi-layered pipeline and achieve proven commercialization success. As of the Latest Practicable Date, our strategically-tiered pipeline of drug candidates comprises 10 drug candidates across 29 key clinical programs (including Gecacitinib Hydrochloride Tablet and its clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection and its clinical programs for postoperative treatment of thyroid cancer).

Past Financial Performance

During the Track Record Period, we generated our revenue from sales of pharmaceutical products in the PRC and licensing activities. In 2025, our licensing revenue arose from the upfront fee paid by Lancet under a the Lancet Agreement. For details, see "Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement." In 2026, our licensing revenue arose from upfront fee paid by AbbVie under the AbbVie Agreement. For details, see "Business — Our Collaboration and License Arrangement." The following table sets forth a breakdown of our revenue from the sales of our pharmaceutical products by product and licensing activities, as well as percentages of the total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Zepsun®	383,557	100.0	530,044	99.7	602,348	74.3	295,221	78.6	277,424	23.0
Zepuning	–	–	1,485	0.3	161,913	20.0	68,509	18.2	118,859	9.9
Zepuping	–	–	–	–	38,380	4.7	11,812	3.1	143,706	11.9
Zesuning	–	–	–	–	–	–	–	–	9,639	0.8
Sales of Pharmaceutical Products	**383,557**	**100.0**	**531,529**	**100.0**	**802,641**	**99.1**	**375,542**	**100.0**	**549,628**	**45.6**
Licensing	**–**	**–**	**–**	**–**	**7,547**	**0.9**	**–**	**–**	**654,762**	**54.4**
Total	**383,557**	**100.0**	**531,529**	**100.0**	**810,188**	**100.0**	**375,542**	**100.0**	**1,204,390**	**100.0**

Furthermore, our profitability has steadily grown over the Track Record Period. We recorded gross profit of RMB355.3 million, RMB497.3 million, RMB729.3 million, RMB333.4 million and RMB1,138.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, while our gross profit margin of sales of commercialized products reached 92.6%, 93.6%, 90.0%, 88.8% and 89.6% during the same periods, evidencing the historical strength in our drug product portfolio, also hinting on our growth potential in the long run. Our gross profit margin of sales of pharmaceutical products increased slightly from 92.6% in 2023 to 93.6% in 2024,

primarily attributable to the improvement in the gross profit margin of Zepsun®, which remained our sole material revenue-contributing product during such period. The slight decrease in our gross profit margin of sales of pharmaceutical products from 93.6% in 2024 to 90.0% in 2025 was primarily attributable to the change in our commercialized product mix. Specifically, (i) the gross profit margin for Zepsun® remained relatively stable at 93.6% and 94.5% in 2024 and 2025, respectively, (ii) the gross profit margin for Zepuning decreased from 80.9% in 2024 to 72.1% in 2025, primarily due to the decrease in its average selling price from RMB615.2 per box to RMB328.1 per box following its inclusion in the NRDL since January 1, 2025, and (iii) the increased sales volume of Zepuning following its inclusion in the NRDL, which carries a lower gross profit margin comparing to Zepsun®, while Zepuning's share of our total pharmaceutical product sales revenue growing from approximately 0.3% in 2024 to approximately 20% therebyreduced the blended gross profit margin of our pharmaceutical product sales as a whole. Our gross profit margin of sales of pharmaceutical products increased slightly from 88.8% for the six months ended June 30, 2025 to 89.6% for the six months ended June 30, 2026, primarily attributable to the change of product mix during the period. Specifically, (i) the gross profit margin for Zepsun® remained relatively stable at 94.6% and 94.5% for the six months ended June 30, 2025 and 2026, respectively, with sales volume of 139.1 thousand boxes and 130.7 thousand boxes at an average selling price of RMB2,122.3 per box and RMB2,123.4 per box during the same periods, respectively, (ii) the gross profit margin for Zepuning increased from 62.5% for the six months ended June 30, 2025 to 78.9% for the six months ended June 30, 2026, with sales volume increasing from 206.1 thousand boxes to 383.5 thousand boxes, despite the decrease in average selling price from RMB332.4 per box to RMB309.9 per box, primarily due to economies of scale from increased production and sales volume, which lowered the box production cost, (iii) the gross profit margin for Zepuping decreased from 95.2% for the six months ended June 30, 2025 to 90.4% for the six months ended June 30, 2026, with sales volume increasing from 1.4 thousand boxes to 33.6 thousand boxes at an average selling price of RMB8,266.2 per box and RMB4,279.0 per box during the same periods, respectively, primarily due to its inclusion in the NRDL in January 2026, which lowered its average selling price; and (iv) Zesuning, which was commercialized in January 2026, recorded a gross profit margin of 66.2% for the six months ended June 30, 2026, with sales volume of 1.1 thousand boxes at an average selling price of RMB9,153.8 per box.

According to Frost & Sullivan, the gross profit margin of innovative pharmaceutical products in China is generally higher than that of conventional generic drugs, primarily due to their differentiated clinical value, stronger pricing power and relatively low manufacturing costs as a percentage of selling price once commercial-scale production is achieved.

During the Track Record Period, the gross profit margin of our pharmaceutical product sales ranged from 88.8% to 93.6%, which was generally in line with the gross profit margin levels observed among comparable innovative pharmaceutical companies with commercialized products in China.

Our gross profit margin level is supported by several industry- and company-specific factors, including: (i) the innovative nature and differentiated clinical value of its commercialized products, Zepsun®, an innovative targeted therapy for oncology indications, and Zepuping, a JAK inhibitor for autoimmune diseases, which support pricing at a premium to production costs, (ii) our established in-house manufacturing capabilities and accumulated production experience, which contribute to operational efficiency and cost control, and (iii) the generally high gross margin characteristics of innovative pharmaceutical products in the Chinese market.

Looking forward, our gross profit margin may be affected by various factors, including changes in product mix, pricing adjustments resulting from NRDL inclusion, market competition, manufacturing scale and capacity utilization. Nevertheless, our gross profit margin profile remains fundamentally supported by the commercial characteristics of innovative pharmaceutical products and our manufacturing capabilities. Accordingly, our overall gross profit margin profile is sustainable and is expected to remain at a relatively high level compared with the broader pharmaceutical industry.

During the Track Record Period, we incurred significant operating expenses to develop our businesses. The table below sets forth a breakdown of our operating expenses, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)		*(Unaudited)*	
Selling and distribution expenses	250,488	65.3	271,448	51.1	465,359	57.4	211,258	56.3	284,670	23.6
Administrative expenses	17,584	4.6	59,636	11.2	82,654	10.2	35,132	9.4	41,342	3.4
R&D expenses	496,330	129.4	387,999	73.0	429,907	53.1	196,504	52.3	199,537	16.6
Total	764,402	199.3	719,083	135.3	977,920	120.7	442,894	117.9	525,549	43.6

We recorded net losses of RMB295.1 million, RMB150.3 million and RMB165.1 million in 2023, 2024 and 2025, respectively, and a net loss of RMB68.1 million for the six months ended June 30, 2025, compared to a net profit of RMB640.0 million for the same period in 2026. Although we recorded net profit in the six months ended June 30, 2026, this was primarily attributable the upfront payment received under the AbbVie Agreement. During 2023, 2024, 2025 and the six months ended June 30, 2025, we remained in a net loss position primarily due to the following factors:

Sustained high R&D investment. As an integrated biopharmaceutical company, we focus on the discovery, development, and commercialization of innovative small-molecule and biologic therapies, which is characterized by long development cycles, high ongoing investment, and uncertain output. Continuous R&D spending is essential to maintain our technological edge and competitive advantage, particularly given our diversified pipeline of drug candidates. We operate two proprietary technology platforms: a small-molecule drug R&D platform, and a bispecific/trispecific antibody and complex recombinant protein R&D platform, with which we reinforce our research capabilities and industry position in oncology, enabling the efficient and continuous advancement of our pipeline. To support the advancement of 10 drug candidates across 29 key clinical programs, covering indications such as HCC, SCLC, NEC, cervical cancer and other advanced solid tumors, as well as autoimmune diseases, we have consistently maintained a high level of R&D expenditure during the Track Record Period, which amounted to RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Early stages of commercialization and growing expenses. Our product portfolio has remained in an early stage of commercialization. As of the Latest Practicable Date, we had four commercialized drugs: Zepsun® launched in June 2021, Zepuning launched in January 2024, Zepuping launched in May 2025, and Zesuning launched in January 2026. Given the innovative nature of these products, we launched promotion activities such as academic conferences and medical education programs well before commercialization and continued them thereafter as sustained expenses. Further, with the commercialization of each product, we expand our sales and academic promotion team and invested substantially in initiatives to secure NRDL inclusion and strengthen market penetration. During the Track Record Period, selling and distribution expenses accordingly increased from RMB250.5 million in 2023 to RMB284.7 million for the six months ended June 30, 2026.

Although Zepsun®, Zepuning and Zepuping have achieved strong growth in sales volume and revenue following their commercialization and subsequent NRDL inclusion, we are continuously investing in the marketing and promotion of these two products. In addition, except for Zepsun®,

Zepuping and Zepuning have been included in the NRDL only recently, their overall revenue contribution remains relatively modest, and the impact on total revenue growth is still limited despite the growth in sales volume.

Our net losses during 2023, 2024, 2025 and the six months ended June 30, 2025 were therefore a function of our business model as an integrated biopharmaceutical company focusing on the discovery, development, and commercialization of innovative therapies: high R&D investment to secure long-term competitiveness, increased selling and distribution expenses to support commercialization, and limited revenue contribution from a portfolio still in the early stages of market entry. While this has resulted in near-term losses, these investments have laid the foundation for long-term growth, with a diversified pipeline, proven commercialization pathways, and expanding market coverage expected to drive future revenue and profitability. Our net losses during each period of 2023, 2024 and 2025 showed a period-on-period decreasing trend as a result of various cost reduction and efficiency enhancement measures.

Our Directors believe that our business is sustainable in the foreseeable future due to the following reasons:

Proven commercialization results. We have demonstrated a clear trajectory of commercialization and revenue growth. Zepsun®, our first innovative drug, was commercialized in June 2021 and has since become the primary revenue contributor, generating revenue of RMB383.6 million in 2023, RMB530.0 million in 2024, RMB602.3 million in 2025, RMB295.2 million and RMB277.4 million for the six months ended June 30, 2025 and 2026, respectively. Zepuning, launched in January 2024, began contributing revenue in the same year and recorded RMB161.9 million in 2025 and RMB118.9 million for the six months ended June 30, 2026. Zepuping, commercialized in May 2025, generated revenue of RMB38.4 million in 2025 and RMB143.7 million for the six months ended June 30, 2026. We also recorded revenue from licensing activities of RMB7.5 million in 2025 and RMB654.8 million for the six months ended June 30, 2026. Overall, total revenue increased from RMB383.6 million in 2023 to RMB1,204.4 million for the six months ended June 30, 2026, reflecting steady product launches and strong market uptake across our portfolio. Most recently, Zesuning was commercialized in January 2026, generating revenue of RMB9.6 million for the six months ended June 30, 2026, and is expected to further expand our revenue base.

We have established a broad and effective distribution network to ensure nationwide access. As of June 30, 2026, Zepsun®, Zepuning and Zepuping were available in primary target medical institutions and pharmacies covering most provinces nationwide, supported by 166 distributors covering 30 provinces, municipalities and autonomous regions. Importantly, Zepsun®, Zepuning and Zepuping (for the treatment of myelofibrosis) have all been included in the NRDL, significantly expanding patient access and strengthening commercial uptake. Benefited from such network and following NRDL inclusion, Zepsun® and Zepuning experienced substantial increases in sales volumes, reflecting strong market uptake. Specifically, the sales volume of Zepsun® amounted to 207.4 thousand boxes, 265.0 thousand boxes, 283.6 thousand boxes and 130.7 thousand boxes in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while the sales volume of Zepuning amounted to 2.4 thousand boxes, 493.5 thousand boxes and 383.5 thousand boxes in 2024, 2025 and the six months ended June 30, 2026, respectively. Zepuping, which was included in the NRDL in January 2026 for the treatment of myelofibrosis, is beginning to expand its presence in the market during its initial commercialization phase. These results demonstrate our ability to drive strong market penetration and replicate efficient commercialization pathways.

Further, our gross profit has steadily increased from RMB355.3 million in 2023 to RMB1,138.2 million for the six months ended June 30, 2026, with gross profit margins consistently above 88% during the Track Record Period. This reflects the historical strength of our drug portfolio and demonstrates our ability to generate high-margin revenue streams, laying the foundation for future profitability as commercialization expands.

Robust and diversified product portfolio. We have established a strategically tiered pipeline comprising 10 drug candidates across 29 key clinical programs. These programs span a variety of indications in oncology and autoimmune diseases, covering therapeutic areas with significant unmet medical needs. Our pipeline is diversified across development stages, ranging from early discovery to late-stage clinical trials, ensuring resilience against limited product dependency and positioning us to capture multiple therapeutic markets. Several late-stage candidates are in the BLA/NDA stage already or undergoing pivotal III clinical trials: specifically, Gecacitinib Hydrochloride Tablets for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection for postoperative treatment of thyroid cancer are at the stage of NDA/BLA, while ZG006 for extensive-stage SCLC, 3rd-line and above and 2nd-line, and NEC, and ZG005 for HCC and NEC are in pivotal/Phase III trials. These candidates are expected to be commercialized progressively over the coming years, thereby strengthening our revenue base step by step.

The breadth and depth of our pipeline provide significant opportunities for business development. We are actively exploring co-development, out-licensing, and strategic partnerships with domestic and international pharmaceutical companies. We have established collaborations with major CSOs including Merck and Grand Life Sciences and also recently entered into an exclusive collaboration and option to license agreement with AbbVie on the development and commercialization of ZG006 outside Chinese Mainland, Hong Kong, and Macau. These collaborations are expected to generate milestone payments, licensing revenue, and risk-sharing benefits, while also strengthening the sales of our commercialized products and accelerating the clinical development of our pipeline assets.

Further, we maintain a disciplined R&D strategy focused on oncology and autoimmune diseases, therapeutic areas that represent large and growing markets in China and globally. By prioritizing late-stage assets with strong commercial potential, we aim to maximize return on investment and accelerate revenue generation. At the same time, we continue to invest in early-stage innovation to sustain long-term growth. Our strong intellectual property portfolio, comprising 152 granted patents and 378 pending patent applications worldwide as June 30, 2026, also underpins our competitive advantage and supports the commercial value of our pipeline.

Strong liquidity position and working capital resilience. As of June 30, 2026, our bank deposits and cash and cash equivalents amounted to RMB2,056.6 million, further supplemented by unutilized committed and unrestricted banking facilities of RMB2,100.6 million. We have also recently received an upfront payment from AbbVie of US$100 million in light of the newly entered exclusive licensing partnership and a milestone payment from Merck of RMB200 million in February 2026. This substantial liquidity position provides us with sufficient resources to fund ongoing R&D investment, commercialization activities, and working capital needs. With the [**REDACTED**] from the [**REDACTED**], we expect to further strengthen its capital base, extend operating runway, and ensure working capital sufficiency to support commercialization expansion and pipeline advancement. In addition, we have maintained access to diversified financing channels, including long-term credit facilities with major commercial banks and equity financing arrangements, and have adopted disciplined working capital management, in order to further strengthen our ability to meet short-term obligations and support long-term growth.

Experienced and Stable Management Team. Our long-standing management team, led by the Chairman and General Manager, Dr. Sheng Zelin, provides continuity and stability in execution. Most executive directors and senior management members have remained with us for more than a decade. The team combines deep industry experience across R&D, manufacturing, and commercialization, and has successfully overseen multiple product launches, secured NRDL inclusion, and expanded hospital penetration nationwide. In recent years, we have also further strengthened and diversified our management team through the addition of new members with complementary experience, enhancing our capabilities across clinical development and corporate management.

Taking into account the above, as well as based on the review of the Accountants' Report, the due diligence conducted on the Group and the discussion with the Directors, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view.

Going forward, we aim to continue to make substantial investments in discovering and developing innovative drugs with blockbuster potential while realizing the commercial value of our drug products and pipeline assets. Specifically, we plan to unleash this potential through a combination of sales of innovative drugs, commercialize our drug candidates and new indications, as well as revenue from collaborations and licensing. During this period, we will continue to strengthen our competitive R&D capabilities and expand our market entry and commercialization efforts globally.

Sustainability of Profitability

While our business recorded losses during most of the Track Record Period, we recorded net profit for the six months ended June 30, 2026. As such net profit was primarily driven by the upfront payment from AbbVie, we recognize that near-term profitability may be subject to fluctuation. We are committed to building a sustainable profitability trajectory through the following strategies:

Continue to advance product commercialization and build a multi-product marketing framework.

We are strengthening our commercialization capabilities through expanding our sales and academic promotion teams, and deepening our hospital and pharmacy coverage to maximize the commercial potential of our innovative therapies. As of the Latest Practicable Date, we had four commercialized drugs. Our commercialized products have been introduced across hospitals nationwide. As of June 30, 2026, Zepsun®, Zepuning and Zepuping were available in primary target medical institutions and pharmacies covering most provinces nationwide. This powerful combination of NRDL inclusion and extensive coverage ensures swift market penetration and exemplifies our ability to consistently replicate a high-efficiency commercialization pathway.

In addition, our established leadership and brand reputation in our focused therapeutic areas create a virtuous cycle, enabling us to maintain competitive advantages and market position, especially for our major revenue-contributing products. For instance, as of the Latest Practicable Date, Zepsun® has been included as a first-tier recommendation in 32 clinical guidelines and expert consensuses in HCC and thyroid cancer, including those of CSCO; Zepuning has been recommended in the *Chinese Expert Consensus on Haemostasis in Hip and Knee Arthroplasty (2025)* and the *Guideline for Perioperative Blood Management in Adult Abdominal Surgery (2026)*; Zepuping has been included in the *2026 CSCO Guidelines for Malignant Hematologic Diseases* as (i) a Grade I recommendation for the first-line treatment of primary myelofibrosis, (ii) a first-line treatment for patients with myelofibrosis-related anemia accompanied by symptomatic splenomegaly or systemic symptoms, and (iii) the preferred treatment (Grade II recommendation) for second-line treatment and patients with disease progression. Zepuping has also been recommended in the *Guiding Principles for Clinical Application of Gecacitinib in Treatment of Myelofibrosis* by the Leukemia Expert Committee of CSCO in 2025 as well as the *Guidelines for the Diagnosis and Treatment of 86 Rare Diseases* by the National Health Commission of the PRC in 2025; Zesuning has been recommended in the *Chinese Management Guidelines for Radioactive Iodine-refractory Differentiated Thyroid Cancer* by Chinese Society of Nuclear Medicine in 2025. With a growing professional in-house sales and academic promotion team and strategic partnerships with CSOs, we ensure broad market coverage and rapid product uptake. Our established sales network, combined with real-time market analytics, enables us to anticipate and respond to changing customer needs, optimize promotional strategies, and achieve effective market penetration for both existing and future products.

Moreover, we are advancing a global strategy designed to build competitiveness and foster a collaborative ecosystem. Supported by a research team with extensive experience in multinational pharmaceutical companies and international clinical development, and technology platforms that meet global standards, we are systematically positioning our products for entry into international markets. We plan to pursue diverse collaboration models, including out-licensing and co-development, while establishing strategic partnerships with leading domestic and international pharmaceutical companies.

In June 2025, we entered into an exclusive commercialization service agreement with ATSA, a Swiss subsidiary of Merck, pursuant to which ATSA acts as our exclusive service provider for the commercialization of Zesuning in the PRC. Merck has been operating in China for nearly 30 years and is a leading enterprise in the diagnosis and treatment of thyroid diseases in China. We selected Merck as our partner for its unparalleled physician network, commercial infrastructure, and therapeutic expertise in thyroid oncology, which we believe positions us to achieve rapid and broad market uptake of Zesuning without incurring the full cost of building a dedicated in-house commercialization team for this product. This collaboration has contributed directly to our financial performance through an upfront payment of RMB50 million and another payment of RMB200 million received in July 2025 and February 2026, respectively, pursuant to the terms of the agreement, and we expect that this collaboration will promote our revenue generated from the sales of Zesuning as its sales volume grows. For further details, please see "Business — Sales and Promotion — CSOs."

On December 30, 2025, we entered into a collaboration and option to license agreement with AbbVie, a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV) which is a global biopharmaceutical company headquartered in the United States with a broad and diversified product portfolio spanning immunology, oncology, neuroscience and aesthetics. Under this arrangement, AbbVie has an exclusive option to obtain an exclusive license to develop, manufacture, commercialize or otherwise exploit ZG006 Licensed Products in AbbVie Territory. This collaboration was entered into on the basis of the recognized clinical potential and global competitiveness of ZG006 as the world's first DLL3/DLL3/CD3 trispecific antibody, and our assessment that partnering with AbbVie would allow us to maximize the value of ZG006 in international markets by leveraging AbbVie's global clinical development capabilities, regulatory expertise, and established oncology commercialization network, while we focus our resources on advancing ZG006 and our broader pipeline in Chinese Mainland, Hong Kong, and Macau. In terms of financial contribution, we received an upfront payment of US$100 million in January 2026 from AbbVie, and are eligible to receive further clinical development milestone and option-related payments of up to US$60 million in aggregate. Should AbbVie exercise the option, we are further eligible to receive milestone payments of up to US$1,075 million and tiered royalties at percentages ranging from high-single-digit to mid-double-digit on annual net sales of ZG006 Licensed Products in the AbbVie Territory. These milestone payments are expected to generate substantial cash flow for us in the future to support our continuous R&D activities. For further details, please see "Business — Our Collaboration and License Arrangements."

We pursue a differentiated, region-specific out-licensing strategy aligned with our pipeline positioning and maturity. For core innovative assets, we will generally retain development and commercialization rights in Chinese Mainland, Hong Kong and Macau while out-licensing overseas rights. Marketed and non-oncology products are commercialized through exclusive strategic collaborations with domestic or international partners. Licensing agreements typically involve upfront payments, development and sales milestones, and tiered royalties.

These initiatives will enable us to realize returns on early-stage investment, mitigate development risks, and create a solid foundation for our drugs to reach patients worldwide. We aim not only to expand our market presence but also to embed our innovation within a broader ecosystem of international cooperation.

Strategically focus on product R&D and continuously strengthen our competitiveness.

Our proprietary pipeline products are anchored by multiple competitive drug candidates, including Gecacitinib Hydrochloride Tablet and its clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection and its clinical programs for postoperative treatment of thyroid cancer. ZG006, the world's first DLL3/DLL3/CD3 trispecific antibody for SCLC and NEC; and ZG005, a leading PD-1/TIGIT bispecific antibody for HCC, NEC, cervical cancer and other solid tumors. In addition, our robust intellectual property portfolio provides strong protection for our innovative assets and underscores our long-term competitiveness. As of June 30, 2026, we have been granted 152 invention patents, including 39 in China and 113 in overseas jurisdictions, and have cumulatively filed 378 pending patent applications globally. Our product portfolio spans multiple therapeutic areas and development stages, allowing us to respond flexibly to shifting market trends and policy environments.

Our priority is to further accelerate the commercialization of our late-stage pipeline drug candidates, expediting the pivotal/Phase III clinical trials of ZG006 and ZG005, and the global clinical development and collaborations of these key assets with domestic and international partners.

Optimize cost structure and enhance operational efficiency.

We are committed to optimizing our cost structure and enhancing operational efficiency to support sustainable growth. We are actively reducing the cost of sales by identifying and securing alternative sources for raw materials, which helps mitigate supply risks and lower procurement expenses. Specifically, for the CDMOs responsible for manufacturing the intermediates and APIs of Zepsun® and Zepuping, we have qualified alternative CDMO suppliers capable of fulfilling the same manufacturing roles. This dual-supplier arrangement enables competitive bidding on procurement and reduces our reliance on any single manufacturing source, thereby mitigating supply concentration risk. For imported raw materials, we have established both U.S. and European suppliers, and procurement prices have declined in recent years. For Zepuning, we completed domestic substitution of imported filler materials by qualifying domestic suppliers, resulting in significant cost reductions. At the same time, we are improving our manufacturing processes and investing in advanced technologies, including targeted manufacturing process optimization for Zepuping, to improve production efficiency, increase yield, and reduce waste. As a result of these combined measures, the unit production cost of Zepsun® decreased from RMB148.2 per box in 2022 to RMB116.5 per box in 2025, and the unit production cost of Zepuning decreased from RMB117.3 per BOX in 2024 to RMB91.4 per BOX in 2025. These initiatives enable us to better control costs, strengthen our competitive position, and support margin improvement as we scale our commercial operations.

Building upon the foregoing strategies, through continuous innovation, disciplined execution, and a culture of adaptability and entrepreneurship, we have demonstrated the feasibility and capability to modify our business in response to changing market demands. Our integrated capabilities, market insights, and financial strength position us to sustain and enhance our competitive standing in our core therapeutic areas, capture new growth opportunities, and deliver long-term value to stakeholders.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets				
Property, plant and equipment	260,167	317,040	416,163	450,186
Right-of-use assets	61,252	58,254	40,188	35,928
Intangible assets	35,447	21,918	7,776	2,038
Prepayments	4,018	31,503	61,954	76,118
Equity instrument designated at fair value through other comprehensive income ("**FVTOCI**")	5,988	–	–	–
Total non-current assets	**366,872**	**428,715**	**526,081**	**564,270**
Current assets				
Inventories	110,852	182,861	173,267	192,873
Trade and bills receivables	101,140	143,628	154,252	204,288
Other receivables, deposits and prepayments	93,548	129,644	208,928	132,601
Financial assets at fair value through profit or loss ("**FVTPL**")	137,019	40,501	–	375,576
Bank balances and cash	2,077,777	2,079,265	1,906,658	2,056,631
Total current assets	**2,520,336**	**2,575,899**	**2,443,105**	**2,961,969**
Total assets	**2,887,208**	**3,004,614**	**2,969,186**	**3,526,239**
Current liabilities				
Trade and bills payables	123,719	167,731	230,854	268,208
Other payables and accruals	131,927	219,810	141,707	142,245
Contract liabilities	–	–	1,248	39,293
Tax liabilities	20,638	20,946	13,972	11,696
Bank borrowings	845,729	953,756	1,031,146	717,150
Lease liabilities	13,169	11,201	9,012	6,571
Total current liabilities	**1,135,182**	**1,373,444**	**1,427,939**	**1,185,163**
Net current assets	**1,385,154**	**1,202,455**	**1,015,166**	**1,776,806**
Total assets less current liabilities	**1,752,026**	**1,631,170**	**1,541,247**	**2,341,076**
Non-current liabilities				
Bank borrowings	–	44,351	84,000	83,500
Deferred tax liabilities	9,583	5,701	1,640	–
Lease liabilities	29,456	26,861	8,597	5,716
Deferred income	68,150	301,655	366,560	531,373
Total non-current liabilities	**107,189**	**378,568**	**460,797**	**620,589**
Total liabilities	**1,242,371**	**1,752,012**	**1,888,736**	**1,805,752**
Net assets	**1,644,837**	**1,252,602**	**1,080,450**	**1,720,487**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) construction in progress, (ii) plant and buildings, (iii) machinery and equipment, (iv) leasehold improvements, (v) furniture and fixtures, and (vi) motor vehicles. Our property, plant and equipment increased by RMB56.8 million, or 21.8%, from RMB260.2 million as of December 31, 2023 to RMB317.0 million as of December 31, 2024, primarily due to an increase in plant and buildings. Our property, plant and equipment increased by RMB99.2 million, or 31.3%, from RMB317.0 million as of December 31, 2024 to RMB416.2 million as of December 31, 2025, primarily due to an increase in construction in progress resulting from the construction of a new R&D center and the production expansion plan following the commercialization of Zepuning and Zepsun®. Our property, plant and equipment increased by RMB34.0 million, or 8.2%, from RMB416.2 million as of December 31, 2025 to RMB450.2 million as of June 30, 2026, primarily due to the completion of our phase II R&D and manufacturing center in June 2026 and the purchase of additional machinery.

The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Construction in progress	135,827	95,851	217,603	2,100
Plant and buildings	29,103	131,124	125,966	325,229
Machinery and equipment	70,867	71,509	60,354	112,250
Leasehold improvements	16,390	11,393	5,980	3,879
Furniture and fixtures	7,532	6,870	5,838	5,614
Motor vehicles	448	293	422	1,114
Total	**260,167**	**317,040**	**416,163**	**450,186**

Right-of-use Assets

Our right-of-use assets primarily consist of land use right and buildings. Our right-of-use assets decreased by RMB3.0 million, or 4.9%, from RMB61.3 million as of December 31, 2023 to RMB58.3 million as of December 31, 2024, which decreased by RMB18.1 million, or 31.0%, to RMB40.2 million as of December 31, 2025 and further decreased by RMB4.3 million, or 10.6%, to RMB35.9 million as of June 30, 2026, primarily due to the depreciation recognized each period, and the reduction in our lease payments.

The following table sets forth a breakdown of the carrying amount of our right-of-use assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Land use right	24,384	23,599	22,814	22,421
Buildings	36,868	34,655	17,374	13,507
Total	61,252	58,254	40,188	35,928

Intangible Assets

Our intangible assets primarily consist of non-patent technology and software. Our intangible assets decreased by RMB13.5 million, or 38.1%, from RMB35.4 million as of December 31, 2023 to RMB21.9 million as of December 31, 2024, which then decreased by RMB14.1 million, or 64.5%, from RMB21.9 million as of December 31, 2024 to RMB7.8 million as of December 31, 2025 and further decreased by RMB5.7 million, or 73.8%, from RMB7.8 million as of December 31, 2025 to RMB2.0 million as of June 30, 2026, primarily due to the amortization of non-patent technology from RMB5.6 million as of December 31, 2025 to nil as of June 30, 2026, mainly attributable to the completion of amortization of the non-patent technology relating to the proprietary antibody R&D and bispecific antibody technology platform of our Gensun Biopharma, in May 2026.

The following table sets forth a breakdown of the carrying value of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-patent technology	32,609	19,393	5,565	–
Software	2,838	2,525	2,211	2,038
Total	35,447	21,918	7,776	2,038

Impairment Testing for Non-financial Assets, Non-current

Our management has assessed whether there are any indicators of impairment for all of our non-financial assets, non-current (including property, plant and equipment, right-of-use assets and intangible assets) at the end of each period comprising the Track Record Period by reviewing the internal and external sources of information. Given that (i) our non-financial assets, non-current were neither obsolete nor physically damaged, (ii) although we incurred losses in each year or period during the Track Record Period primarily due to large amount of R&D expenses incurred, the progress of our R&D activities and the sales performance remained consistent with our management's expectations, and (iii) our actual losses incurred for the periods ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 did not exceed the estimated losses for the corresponding periods. Accordingly, we concluded that as of December 31, 2023, 2024, 2025 and June 30, 2026, no indicators of impairment for our non-financial assets, non-current were identified.

Inventories

Our inventories primarily consist of (i) raw materials for production purpose, (ii) raw materials for research purpose, (iii) finished goods, (iv) work in progress, (v) low-value consumables and (vi) others. Our inventory increased by RMB72.0 million, or 64.9%, from RMB110.9 million as of December 31, 2023 to RMB182.9 million as of December 31, 2024, primarily due to the increased inventory level of raw materials, as we maintained additional stock in preparation for the commencement of commercial-scale production or in support of critical stages of our R&D activities. Our inventory decreased from RMB182.9 million as of December 31, 2024 to RMB173.3 million as of December 31, 2025, primarily due to (i) a decrease in raw materials for use during clinical trials and pre-clinical R&D activities, (ii) a decrease in work in progress resulting from our optimized production scheduling and the improved production efficiency of Zepuning, and (iii) a decrease in consumables used during the production of APIs of Zepuping. Our inventory increased from RMB173.3 million as of December 31, 2025 to RMB192.9 million as of

June 30, 2026, primarily due to an increase in raw materials for research purpose of RMB47.3 million in support of advancing clinical trials for our pipeline candidates including ZG005 and ZG006; partially offset by (i) a decrease in raw materials for production purpose of RMB18.6 million primarily related to the production of our commercialized pharmaceutical products, and (ii) a decrease in finished goods of RMB15.3 million, primarily because we reduced the production of Zepsun® in line with the optimization of its stockpiling.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Raw materials for production purpose	38,304	86,634	90,863	72,301
Raw materials for research purpose	53,883	46,523	40,379	87,633
Work in progress	2,037	20,629	11,375	17,694
Finished goods	6,535	19,954	28,902	13,646
Low value consumables	10,093	8,984	1,748	1,532
Others	–	137	–	67
Total	**110,852**	**182,861**	**173,267**	**192,873**

The following table sets forth our inventory turnover days during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Inventory turnover days[(1)]	213	521	392	265

Note:

(1) Inventory turnover days for a year or a period is the arithmetic mean of the beginning and ending balances of inventory related to commercialized products for the relevant year or period divided by cost of sales for the relevant year or period and multiplied by 360 days for the full-year period.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 12 months	66,847	149,519	114,170	148,436
1 to 2 years	34,389	12,927	46,970	28,777
Over 2 years	9,616	20,415	12,127	15,660
Total	**110,852**	**182,861**	**173,267**	**192,873**

Our inventory turnover days increased from 213 days in 2023 to 521 days in 2024, primarily due to our strategic stock preparation in anticipation of the commercialization of Zepuning. And our inventory turnover days decreased to 392 days in 2025, primarily due to the increased sales volume and the accompanying growth in inventory turnover rate. Our inventory turnover days further decreased to 265 days for the six months ended June 30, 2026, primarily due to the continued increase in sales volume of our commercialized products, which accelerated our inventory turnover. As of July 31, 2026, approximately RMB29.1 million, or 14.7% of inventories as of June 30, 2026, were subsequently utilized.

The following table sets forth an aging analysis of our finished goods as of the date indicated. During the Track Record Period, the shelf life of Zepsun®, Zepuning, Zepuping and Zesuning were 36 months, 36 months, 24 months and 24 months, respectively. The finished goods aging within one year/period were RMB5.4 million, RMB16.4 million, RMB26.9 million and RMB10.5 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, representing 82.3%, 82.3%, 93.2% and 76.9% of the total finished goods in the same periods, respectively.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Within 1 year	5,380	16,420	26,923	10,499
1 to 2 years	1,155	–	1,978	3,147
Over 2 years	–	3,535	1	–
Total	**6,535**	**19,954**	**28,902**	**13,646**

We do not consider there to be any material recoverability issue in respect of our inventories. Following the commercialization of our products, we adopt a make-to-order production model under which production volumes are aligned with sales demand, and we generally maintain only the level of finished goods necessary to ensure stable supply. Inventory aging observed in the first year after a new product is launched is mainly attributable to (i) uncertainty in approval timing, which may result in pre-approval dynamic-inspection batches becoming saleable with a shorter remaining shelf life, and (ii) the absence of reliable sales benchmarks at launch, which may lead to optimistic sales forecasts and temporarily longer inventory cycles. These factors are inherent to the early commercialization stage, and inventory levels and turnover typically stabilize after one to two years. Taking into account the shelf life of our products and their subsequent utilization and sales, we are of the view that there is no material inventory recoverability or impairment issue.

Trade and Bills Receivables

Our trade and bills receivables primarily consist of (i) trade receivables mainly representing the balances due from our customers for our products, and (ii) bills receivables mainly representing bank acceptance notes from our customers used to settle their payment due to us. We generally grant our customers credit terms ranging from 30 to 60 days. We take into consideration a number of factors in determining the credit term of a customer, including its cash flow conditions and creditworthiness. Please refer to the paragraphs headed "Business — Sales, Promotion and Distribution — Distribution" for more details of our distributor management. We seek to maintain strict control over our outstanding receivables, and overdue balances are regularly reviewed and actively monitored by senior management to minimize credit risk. In view of the above and the fact that our trade and bills receivables relate to a large number of customers, the concentration of credit risk is minimal. Further details on our credit policy and credit risk arising from trade and bills receivables, please refer to Notes 23 and 37(b) to the Accountants' Report set forth in Appendix I to this document.

The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Trade receivables	106,463	150,847	159,182	215,033
Bills receivables	–	323	3,029	7
Less: expected credit losses	(5,323)	(7,542)	(7,959)	(10,752)
Total	**101,140**	**143,628**	**154,252**	**204,288**

The following table sets forth our trade and bills receivables turnover days for the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
				(Unaudited)
Trade and bills receivables turnover days[(1)]	89	83	66	64

Note:

(1) Trade and bills receivables turnover days for a year or a period equals the arithmetic mean of the beginning and ending trade receivable balances (excluding the licensing revenue in the corresponding period) divided by revenue for that year or period and multiplied by 360 days for the full-year period.

Our trade and bills receivables increased by RMB42.5 million, or 42.0%, from RMB101.1 million as of December 31, 2023 to RMB143.6 million as of December 31, 2024, by RMB10.7 million, or 7.4%, to RMB154.3 million as of December 31, 2025 and further by RMB50.0 million, or 32.4%, to RMB204.3 million as of June 30, 2026, primarily due to the increase in our revenue. Our trade and bills receivables turnover days were 89 days, 83 days, 66 days and 64 days for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The decrease in our trade and bills receivables turnover days was primarily because of the addition of Zepuning into our commercialized products mix in 2025, which has a relatively lower turnover days with its distributors compared to Zepsun® and Zepuping, thereby reducing the average collection period.

The following table sets forth an aging analysis of our trade receivables (net of allowance for credit losses), based on the date of revenue recognition, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Within 1 year	101,140	143,628	154,252	204,288
Total	**101,140**	**143,628**	**154,252**	**204,288**

As of July 31, 2026, approximately RMB94.4 million, or 43.9% of trade receivables as of June 30, 2026, were subsequently settled.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade receivables mainly comprised receivables from large, high-credit-rated central enterprises, state-owned enterprises and listed companies. During the Track Record Period, we maintained long-term stable cooperative relationships with these customers, generally with transaction history exceeding three years, and there has not been any substantial bad debt loss historically. Their payment behavior has been highly predictable and their financial conditions and payment capabilities are generally minimally affected by short-term economic fluctuations, resulting in extremely low default probabilities and long-term stability. Taking into account (i) the credit profile of our customers, (ii) our historical collection experience without material bad debts, (iii) the aging profile of our trade receivables, (iv) subsequent collection and/or settlement progress up to the Latest Practicable Date, and (v) the absence of material disputes or other collectability concerns identified by the Directors, we are of the view that there is no material trade receivables recoverability or impairment issue.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments primarily consist of interest receivable, prepaid technical service fee, prepayments to suppliers, deposits, value-added tax credit refund, prepayments on construction and acquisition of property, plant and equipment, staff advances and other receivables.

The following tables set forth the breakdown of our other receivables, deposits and prepayments as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current				
Prepaid technical service fee	–	27,621	58,328	62,801
Prepayments on construction and acquisition of property, plant and equipment	4,018	3,882	3,626	13,317
	4,018	31,503	61,954	76,118
Current				
Interest receivable	31,863	74,413	124,523	37,504
Prepayments to suppliers	46,251	41,282	44,992	63,882
Deposits	11,694	11,687	11,748	8,546
Value-added tax credit refund	4,538	4,567	13,524	6,512
Other receivables	1,377	1,470	2,116	2,609
Staff advances	120	60	40	84
Deferred issue costs	–	–	15,520	17,029
Less: expected credit losses	(2,295)	(3,835)	(3,535)	(3,565)
Total	**93,548**	**129,644**	**208,928**	**132,601**

Our other receivables, deposits and prepayments increased from RMB93.5 million as of December 31, 2023 to RMB129.6 million as of December 31, 2024, primarily due to the accrual of interest on certain large-denomination negotiable certificates of time deposit with maturities exceeding one year, coupled with lower redemption amounts in 2024. Our other receivables, deposits and prepayments increased from RMB129.6 million as of December 31, 2024 to RMB208.9 million as of December 31, 2025, primarily due to (i) the accrual of interest on certain large-denomination negotiable certificates of time deposit with maturities exceeding one year, coupled with lower redemption amounts in 2025, (ii) an increase in 2025 prepaid technical service fees of RMB30.7 million, reflecting advance payments made to third-party service providers for

outsourced technical services in connection with the commercialization of Zepsun® and Zepuning under their respective technology transfer arrangements, as well as the ongoing production expansion of Zepuning, and (iii) an increase in deferred issue costs of RMB15.5 million primarily relating to our [**REDACTED**] expenses. Our other receivables, deposits and prepayments decreased from RMB208.9 million as of December 31, 2025, to RMB132.6 million as of June 30, 2026, primarily due to (i) a decrease in interest receivable of RMB87.0 million, mainly attributable to the maturity redemption of large-denomination negotiable certificates of deposit purchased in prior periods, and (ii) a decrease in value-added tax credit refund of RMB7.0 million; partially offset by an increase in prepayments to suppliers of RMB18.9 million, primarily reflecting advance payments for clinical and preclinical service fees as we expand our R&D activities.

As of July 31, 2026, approximately RMB19.5 million, or 14.3%, of other receivables, deposits and prepayments as of June 30, 2026 were subsequently settled.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily consist of (i) financial products issued by reputable commercial banks in the PRC, which are redeemable at any time or at maturity, and (ii) debt instruments, representing treasury bonds issued by the United States Federal Government.

We recorded financial assets at FVTPL of RMB137.0 million, RMB40.5 million, nil and RMB375.6 million as of December 31, 2023, 2024, 2025 and June 30, 2026. The fluctuation in financial assets at FVTPL mainly reflected the redemption of our financing investments upon maturity.

During the Track Record Period, as part of our treasury management, we invested in certain wealth management products to better utilize excess cash when our cash sufficiently covered our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process for our treasury management activities. Our finance team is responsible for proposing, analyzing and evaluating potential investments in wealth management products and structured deposits. Our management will review the product proposed by our finance department and determine whether to approve the product after considering a number of factors, including but not limited to, general market conditions, materiality of investments and expected returns. Our Board oversees the overall financing activities and investment strategies and supervises the management of our Company's auditing and treasury management activities. We limited our purchases to low-risk products from reputable financial institutions not affecting our daily operation and business prospects.

Upon [**REDACTED**], our investments in financial assets at FVTPL will be subject to compliance with Chapter 14 of the Listing Rules.

Bank Balances and Cash

Our bank balances and cash primarily consist of cash and bank balances and non-pledged time deposits. Our bank balances and cash remained relatively stable at RMB2,077.8 million as of December 31, 2023, as compared to RMB2,079.3 million as of December 31, 2024. Our bank balances and cash decreased from RMB2,079.3 million as of December 31, 2024 to RMB1,906.7 million as of December 31, 2025. Our bank balances and cash increased from RMB1,906.7 million as of December 31, 2025 to RMB2,056.6 million as of June 30, 2026. For an analysis on cash flows during the Track Record Period, please refer to the paragraphs headed "— Liquidity and Capital Resources."

Trade and Bills Payables

Our trade and bills payables primarily consist of balances due to our suppliers. Our trade and bills payables are not interest-bearing and are normally settled in 30 to 180 days. Our trade and bills payables increased from RMB123.7 million as of December 31, 2023 to RMB167.7 million as of December 31, 2024, to RMB230.9 million as of December 31, 2025 and further to RMB268.2 million as of June 30, 2026. Such increase was primarily due to increased procurement of raw and auxiliary materials in line with the growth in our sales volume, consistent with the commercialization of Zepuning in January 2024, Zepuping in May 2025 and Zesuning in January 2026.

The following tables set forth the breakdown of trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(Unaudited)*
Trade payables	123,719	157,523	208,385	228,984
Bills payables	–	10,208	22,469	39,224
Total	**123,719**	**167,731**	**230,854**	**268,208**

The following table sets forth an aging analysis of our trade and bills payables based on the date of service provided and date of goods acceptance as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Within 1 year	91,181	110,281	185,531	207,208
1 to 2 years	26,720	51,209	36,655	37,936
2 to 3 years	2,541	4,827	3,829	15,836
Over 3 years	3,277	1,414	4,839	7,228
Total	**123,719**	**167,731**	**230,854**	**268,208**

The following table sets forth our trade and bills payables turnover days for the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
				(Unaudited)
Trade and bills payables turnover days[(1)]	88	124	140	169

Note:

(1) Trade and bills payables turnover days for a year or a period equals the arithmetic mean of the beginning and ending trade and bills payables for the year or period divided by cost of sales and R&D expenses for that year or period and multiplied by 360 days for the full-year period.

The trade and bills payables turnover days increased from 88 days in 2023 to 124 days in 2024 and further increased to 140 days for 2025 and increased to 169 days for the six months ended June 30, 2026; such increase was primarily due to the increased procurement of raw materials, as well as our ongoing clinical trials have not reached the contractual payment milestones.

As of July 31, 2026, RMB68.0 million, or 25.4%, of trade and bills payables as of June 30, 2026 were subsequently paid.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payroll and welfare payables, (ii) construction payables, (iii) other taxes payables, (iv) payable for patent usage fees, (v) accruals, (vi) amounts due to related parties and (vii) other payables.

Our other payables and accruals increased by RMB87.9 million, or 66.6%, from RMB131.9 million as of December 31, 2023 to RMB219.8 million as of December 31, 2024, primarily attributable to the increase in amounts due to the consideration in connection with our acquisition of Gensun Biopharma. Our other payables and accruals decreased by RMB78.1 million, or 35.5%, from RMB219.8 million as of December 31, 2024 to RMB141.7 million as of December 31, 2025, primarily due to the settlement of consideration in connection with our acquisition of Gensun Biopharma. Our other payables and accruals remained relatively stable at RMB141.7 million as of December 31, 2025 and RMB142.2 million as of June 30, 2026.

The table below sets forth the details of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Payroll and welfare payables	65,251	68,506	77,149	74,093
Construction payables	14,321	29,677	13,471	25,839
Other taxes payables	12,377	12,500	9,446	13,235
Payable for patent usage fees	16,326	17,582	17,903	7,879
Accruals	7,059	7,916	7,505	3,417
Amounts due to related parties[(1)]	5,293	76,218	–	–
[REDACTED] costs payables	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	11,300	7,411	6,023	13,606
Total	**131,927**	**219,810**	**141,707**	**142,245**

Note:

(1) The balance as of December 31, 2023 represented amounts payable in respect of the purchase of plant and equipment. The balance as of December 31, 2024 also included the remaining balances of the consideration payable in respect of the acquisition of 36.43% equity interest in Gensun Biopharma during the year ended December 31, 2024 of approximately RMB70,925,000. Both balances were fully settled during the year ended December 31, 2025.

As of July 31, 2026, approximately RMB36.9 million, or 26.0%, of other payables and accruals as of June 30, 2026 were subsequently settled.

Deferred Income

Our deferred income consists of (i) receipts in advance for exclusive marketing license and (ii) government grants. Our deferred income was RMB68.2 million, RMB301.7 million, RMB366.6 million and RMB531.4 million as of December 31, 2023, 2024, 2025 and as of June 30, 2026, respectively.

The table below sets forth the details of our deferred income as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Receipts in advance for exclusive marketing license[(1)]	56,604	292,453	358,490	523,690
Government grants	11,546	9,202	8,070	7,683
Total	**68,150**	**301,655**	**366,560**	**531,373**

Note:

(1) Representing the receipts in advance for exclusive marketing license from Grand Life Sciences and ATSA to promote our sales of products for a term of 10 and 15 years, respectively. For more details, see "Business — Sales, Promotion and Distribution — Sales and Promotion — CSOs."

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through equity and debt financings and cash generated from our operating activities. Our primary uses of cash are to fund the research and development of our pipeline assets.

Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets				
Inventories	110,852	182,861	173,267	192,873
Trade and bills receivables	101,140	143,628	154,252	204,288
Other receivables, deposits and prepayments	93,548	129,644	208,928	132,601
Financial assets at FVTPL	137,019	40,501	–	375,576
Bank balances and cash	2,077,777	2,079,265	1,906,658	2,056,631
Total current assets	**2,520,336**	**2,575,899**	**2,443,105**	**2,961,969**
Current liabilities:				
Trade and bills payables	123,719	167,731	230,854	268,208
Other payables and accruals	131,927	219,810	141,707	142,245
Contract liabilities	–	–	1,248	39,293
Tax liabilities	20,638	20,946	13,972	11,696

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Bank borrowings	845,729	953,756	1,031,146	717,150
Lease liabilities	13,169	11,201	9,012	6,571
Total current liabilities	**1,135,182**	**1,373,444**	**1,427,939**	**1,185,163**
Net current assets	**1,385,154**	**1,202,455**	**1,015,166**	**1,776,806**

Our net current assets increased from RMB1,015.2 million as of December 31, 2025 to RMB1,776.8 million as of June 30, 2026. The increase was primarily due to (i) an increase in financial assets at FVTPL of RMB375.6 million, mainly arising from the upfront payment from AbbVie in accordance with the AbbVie agreement and a milestone payment from Merck (ii) an increase in bank balances and cash of RMB150.0 million, (iii) an increase in trade and bills receivables of RMB50.0 million, and (iv) a decrease in bank borrowings of RMB314.0 million; partially offset by (i) a decrease in other receivables, deposits and prepayments of RMB76.3 million, mainly due to a decrease in interest receivable following the maturity redemption of large-denomination negotiable certificates of deposit purchased in prior periods, (ii) an increase in contract liabilities of RMB38.0 million, and (iii) an increase in trade and bills payables of RMB37.4 million.

Our net current assets decreased from RMB1,202.5 million as of December 31, 2024 to RMB1,015.2 million as of December 31, 2025. The decrease was primarily due to (i) a decrease in bank balances and cash of RMB172.6 million, (ii) an increase in bank borrowings of RMB77.4 million and (iii) an increase in trade and bills payables of RMB63.1 million, partially offset by (i) a decrease in other payables and accruals of RMB78.1 million, (ii) an increase in other receivables, deposits and prepayments of RMB79.3 million and (iii) an increase in trade and bills receivables of RMB10.6 million.

Our net current assets decreased from RMB1,385.2 million as of December 31, 2023 to RMB1,202.5 million as of December 31, 2024. The decrease was primarily due to (i) an increase in bank borrowings of RMB108.0 million, (ii) a decrease in financial assets at FVTPL of RMB96.5 million and (iii) an increase in other payables and accruals of RMB87.9 million, partially offset by (i) an increase in inventories of RMB72.0 million and (ii) an increase in trade and bills receivables of RMB42.5 million.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Net cash from/(used in) operating activities	(289,924)	42,308	(32,575)	(10,324)	814,558
Net cash from/(used in) investing activities	(589,133)	(566,649)	(55,356)	(62,191)	407,458
Net cash from/(used in) financing activities	1,507,522	(54,750)	(3,968)	19,233	(338,694)

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Net increase (decrease) in cash and cash equivalents	**628,465**	**(579,091)**	**(91,899)**	**(53,282)**	**883,322**
Cash and cash equivalents at the beginning of the year/period	171,106	799,777	217,265	217,265	124,658
Effect of foreign exchange rate changes	206	(3,421)	(708)	(621)	(5,349)
Cash and cash equivalents at the end of the year/period	**799,777**	**217,265**	**124,658**	**163,362**	**1,002,631**

Operating Activities

For the six months ended June 30, 2026, our net cash generated from operating activities was RMB814.6 million, which was primarily attributable to our profit before tax of RMB638.6 million arising from the upfront payment received from AbbVie, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB164.8 million, (ii) an increase in contract liabilities of RMB38.0 million, and (iii) an increase in trade and bills payables of RMB38.4 million. Negative adjustments primarily included (i) an increase in trade and bills receivables of RMB52.8 million, (ii) interest income of RMB27.9 million, and (iii) an increase in inventories of RMB24.9 million.

In 2025, our net cash used in operating activities was RMB32.6 million, which was primarily attributable to our loss before tax of RMB168.7 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB64.9 million, mainly representing the upfront payment we received from Merck as agreed in the exclusive commercialization service agreement in relation to our strategic promotional partnership with it, (ii) an increase in trade and bills payables of RMB60.1 million, and (iii) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB55.6 million. Negative adjustments primarily included (i) an increase in other receivables, deposits and prepayments of RMB13.1 million, (ii) interest income of RMB55.1 million and (iii) an increase in trade and bills receivables of RMB11.0 million. We expect to improve our operating cash flow position through the following efforts:

(i) Strengthening commercialization and revenue growth. Since the launch of Zepsun® in 2021 and three subsequent products, we have continuously strengthened its commercialization team, partnered with renowned CSOs, and expanded our nationwide distribution network, including hospital and pharmacy coverage, to drive sales growth. With the commercialization of each product, we have broadened market reach and steadily increased revenue, ensuring that sales income grows year by year and supports the gradual improvement of operating cash flows;

(ii) Enhancing budget discipline and cost control. We have deepened disciplined budget management by setting cost-reduction and efficiency targets, decomposing them into actionable measures, and strictly monitoring execution. Specifically for the management of R&D activities, our finance department regularly reviews project progress and budget execution, helping research teams focus on priority programs and improve efficiency; and

(iii) Optimizing working capital management. We have strengthened capital management with measures including closely monitoring receivables and managing settlement cycles with distributors and suppliers by credit terms. Surplus funds have been invested in low-risk structured deposits and negotiable large-denomination certificates of deposit to improve cash yields. We have also secured bank loans at relatively low interest rates.

In 2024, our net cash generated from operating activities was RMB42.3 million, which was primarily attributable to our loss before tax of RMB155.0 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB236.0 million, mainly representing the upfront payment we received from Grand Life Sciences as agreed in the exclusive commercialization service agreement in relation to our strategic promotional partnership with it, (ii) an increase in trade and bills payables of RMB36.3 million, and (iii) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB60.2 million. Negative adjustments primarily included (i) an increase in inventories of RMB72.0 million, (ii) interest income of RMB58.3 million and (iii) an increase in trade and bills receivables of RMB44.7 million.

In 2023, our net cash used in operating activities was RMB289.9 million, which was primarily attributable to our loss before tax of RMB299.1 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB59.2 million, (ii) finance costs of RMB24.3 million and (iii) an increase in deferred income of RMB23.1 million. Negative adjustments primarily included forfeitures of share options of RMB36.7 million.

Investing Activities

For the six months ended June 30, 2026, our net cash generated from investing activities was RMB407.5 million, which was primarily attributable to withdrawal of non-pledged time deposits of RMB1,131.4 million and proceeds from disposal of financial assets at FVTPL of RMB437.0 million, partially offset by purchases of financial assets at FVTPL of RMB810.0 million, placement of non-pledged time deposits of RMB410.0 million, and purchases of property, plant and equipment of RMB49.4 million.

In 2025, our net cash used in investing activities was RMB55.4 million, which was primarily attributable to purchases of property, plant and equipment of RMB181.4 million, partially offset by withdrawal of non-pledged time deposits of RMB80.0 million.

In 2024, our net cash used in investing activities was RMB566.6 million, which was primarily attributable to (i) purchases of financial assets at FVTPL of RMB943.0 million and (ii) placement of non-pledged time deposits of RMB744.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,046.4 million.

In 2023, our net cash used in investing activities was RMB589.1 million, which was primarily attributable to (i) placement of non-pledged time deposits of RMB1,328.0 million and (ii) purchases of financial assets at FVTPL of RMB1,135.0 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB1,261.6 million and (ii) withdrawal of non-pledged time deposits of RMB615.0 million.

Financing Activities

For the six months ended June 30, 2026, our net cash used in financing activities was RMB338.7 million, primarily attributable to repayment of bank borrowings of RMB370.2 million and interest paid of RMB11.6 million, partially offset by proceeds from bank borrowings of RMB56.0 million.

In 2025, our net cash used in financing activities was RMB4.0 million, primarily attributable to (i) repayment of bank borrowings of RMB1,009.9 million, (ii) acquisitions of additional interests from non-controlling shareholders of a subsidiary of RMB80.4 million, (iii) interest paid of RMB24.3 million, partially offset by proceeds from bank borrowings of RMB1,127.0 million.

In 2024, our net cash used in financing activities was RMB54.8 million, primarily attributable to (i) repayment of bank borrowings of RMB1,134.8 million and (ii) acquisitions of additional interests from non-controlling shareholders of a subsidiary of RMB163.8 million, partially offset by proceeds from bank borrowings of RMB1,288.3 million.

In 2023, our net cash generated from financing activities was RMB1,507.5 million, primarily attributable to (i) issue of shares of RMB1,200.0 million and (ii) proceeds from bank borrowings of RMB983.8 million, partially offset by repayment of bank borrowings of RMB630.0 million.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current liabilities:				
Bank borrowings	845,729	953,756	1,031,146	717,150
Lease liabilities	13,169	11,201	9,012	6,571
Non-current liabilities:				
Bank borrowings	–	44,351	84,000	83,500
Lease liabilities	29,456	26,861	8,597	5,716
Non-trade related amounts due to related parties	5,293	76,218	–	–
Total	**893,647**	**1,112,387**	**1,132,755**	**812,937**

Bank Borrowings

As of December 31, 2023, 2024, 2025 and June 30, 2026, our current and non-current bank borrowings were RMB845.7 million, RMB998.1 million, RMB1,115.1 million and RMB800.7 million, respectively. All of our bank borrowings are unsecured and denominated in RMB. For more details, see Note 29 to the Accountants' Report set out in Appendix I to this document.

The following table sets forth a breakdown of our bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Discounted bills receivables	–	–	19,000	–
Bank borrowings – unsecured	843,800	997,279	1,095,400	800,200
Interest payables	1,929	828	746	450
Total	**845,729**	**998,107**	**1,115,146**	**800,650**

As of the dates indicated, our bank borrowings were repayable as follows:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within one year	843,800	952,928	1,011,400	716,700
Within a period of more than one year but not more than two years	–	14,784	84,000	42,286
Within a period of more than two years but not more than five years	–	29,567	–	41,214
Total	**843,800**	**997,279**	**1,095,400**	**800,200**

As of June 30, 2026, we had unutilized banking facilities of RMB2,100.6 million, all of which were committed and unrestricted.

Lease Liabilities

We are the lessee in respect of certain properties held under leases for our plant, offices and laboratories during the Track Record Period. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had a total of current and non-current lease liabilities of RMB42.6 million, RMB38.1 million, RMB17.6 million, and RMB12.3 million respectively. The decrease in our lease liabilities was primarily due to the decreased office building rent under a supplemental lease agreement.

Non-trade Related Amounts due to Related Parties

As of December 31, 2023, 2024, 2025 and June 30, 2026, our non-trade amounts due to related parties were RMB5.3 million, RMB76.2 million, nil, and nil respectively. The balance of RMB5.3 million as of December 31, 2023 and 2025 represented payables arising from our commitment to purchase small nucleic acid drug processing equipment, and the increase to RMB76.2 million as of December 31, 2024 was primarily due to consideration payable for the acquisition of the minority equity interest in our U.S. subsidiary, Gensun Biopharma and the repurchase price payable for equipment from a related party, which was subsequently settled in 2025. The non-trade amount due to related parties remained at nil as of June 30, 2026.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

Our Directors confirm that there have been no material changes in our indebtedness since June 30, 2026, up to the date of this document.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any difficulty in obtaining additional debt or equity financing, nor has there been any breach of covenants under our bank borrowings or other financing arrangements. Our Directors

confirm that (i) all bank borrowings outstanding as of the Latest Practicable Date were in compliance with the relevant loan covenants and conditions, (ii) we have not been refused any credit facility applications, and (iii) we have not experienced any default or delay in the repayment of bank borrowings.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set forth in Note 41 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business and on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of payments for the construction of the Phase II R&D and manufacturing center, the purchase of equipment, and other capitalized investments. Our capital expenditures in 2023, 2024, 2025 and the six months ended June 30, 2026 were RMB62.9 million, RMB100.0 million, RMB135.1 million and RMB46.6 million, respectively. Historically, we have funded our capital expenditures mainly through equity and debt financings and cash generated from operations.

We expect to incur capital expenditures in the future to purchase and maintain our property, plant and equipment, intangible assets and right-of-use assets, which we expect to fund primarily through cash generated from operations. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, the market conditions and various other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had capital commitments outstanding at the respective year or period end not provided for in the financial statements of RMB106.4 million, RMB60.2 million, RMB119.3 million and RMB1.0 million. Our capital commitments during the Track Record Period primarily arose from construction contracts in relation to plant and buildings and machinery and equipment. See Note 43 to the Accountants' Report set out in Appendix I to this document for more details.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash on hand, internally generated funds and the estimated [**REDACTED**] from the [**REDACTED**], we will have sufficient working capital to cover our working capital needs, including development, clinical trial, sales and administrative expenses, for at least the next twelve months from the date of this document.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods or as of the dates indicated:

	Year Ended/As of December 31,			Six Months Ended/As of June 30,
	2023	2024	2025	2026
Gross profit margin[(1)]	92.6%	93.6%	90.0%	94.5%
Current ratio[(2)]	2.2	1.9	1.7	2.5
Quick ratio[(3)]	2.1	1.7	1.6	2.3
Gearing ratio[(4)]	54.0%	82.7%	104.8%	47.3%

Notes:

(1) Gross profit margin equals gross profit for the year/period divided by revenue for the respective year/period and multiplied by 100%.

(2) Current ratio equals total current assets divided by total current liabilities as of the relevant dates.

(3) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates.

(4) Gearing ratio is calculated by dividing bank loans and lease liabilities divided by total equity as of the end of the year or period multiplied by 100%.

Please refer to the paragraph headed "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this section for a discussion of the factors affecting our current assets and current liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or R&D services with us.

DISCLOSURE ABOUT FINANCIAL RISKS

Our major financial assets and liabilities include equity instrument designated at FVTOCI, financial assets at FVTPL, trade and bills receivables, other receivables and deposits, bank balances and cash, trade and other payables, and bank borrowings. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. Our management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. See Note 37 to the Accountants' Report set out in Appendix I to this document for more details.

Market Risk

Interest Rate Risk

We are exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, non-pledged time deposits and bank balances.

We are also exposed to fair value interest rate risk related primarily to fixed-rate bank borrowings. We currently do not enter into any interest rate swaps to hedge its exposure to fair value interest rate risk. However, our management will consider hedging significant interest rate exposure should the need arise.

Foreign Currency Risk

Our transactions were mainly conducted in RMB, the functional currency of our Company and its subsidiaries, and our major receivables and payables are denominated in RMB. We are subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the relevant group entity. The majority of our Group's foreign currency transactions and balances are denominated in USD. Our management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Other Price Risk

Our Group is exposed to equity price risk through its investments in equity instrument measured at FVTOCI and financial assets at FVTPL. We invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. In addition, we invested in wealth management plans and listed debt instruments which were classified as financial assets at FVTPL. We currently do not have a hedging policy in relation to the price risk. We have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

For more information, see Note 37 to the Accountants' Report set out in Appendix I to this document for more details.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and bills receivables, other receivables, deposits and liquid funds.

We implement comprehensive credit risk management and impairment assessments in accordance with the IFRS 9 expected credit loss ("**ECL**") model for trade receivables, bills receivables, other receivables, deposits and liquid funds. Trade and bills receivables are measured at lifetime ECL via the IFRS 9 simplified approach, while other receivables and deposits are generally recognized at 12-month ECL, with lifetime ECL applied if their credit risk rises significantly. ECL provisions and reversals for each year or period are determined based on historical loss experience, forward-looking economic forecasts and applicable loss rates. Liquid funds bear low credit risk as they are placed with highly-rated international banks and domestic state-owned banks with negligible default probability. No material changes to estimation techniques and assumptions were made during the Track Record Period.

Our receivables have a diversified customer base with little credit risk concentration, and our overall credit exposure is well controlled. The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. Our management considers the probability of default is negligible on the basis of high credit-rating issuers in 2023, 2024, 2025 and the six months ended June 30, 2026. The concentration of credit risk in respect of trade receivables is minimal, as we have a large number of customers. Our management continues to monitor and assess the financial status of the counterparties, and believes the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

For details, please refer to Note 37 of the Accountants' Report set out in Appendix I to this document.

Liquidity risk

Our Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. Our management closely monitors the liquidity position and its compliance with lending covenants and expects to have adequate sources of funding to finance our operations.

For details, please refer to Note 37 to the Accountants' Report set out in Appendix I to this document.

DIVIDEND

We do not currently have a formal dividend policy or a fixed dividend payout ratio. No dividend has been proposed, paid or declared by us during the Track Record Period and up to Latest Practicable Date. After the completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders in a general meeting may approve any declaration of dividends.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to the Shareholder Return Plan approved by the Shareholders' meeting on May 16, 2025, the amount of the cash dividend distributed should be at least 20% of our profits available for distribution generated in each financial year.

In view of our accumulated losses, as advised by our PRC Legal Adviser, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws, regulations and our Articles of Association.

Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Directors and subject to the approval of the Shareholders' meeting in each financial year.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share), which represent [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], assuming no H Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] expenses are comprised of (i) [**REDACTED**] expenses of HK$[**REDACTED**], and (ii) [**REDACTED**] expenses of HK$[**REDACTED**], including (a) the legal advisers and the reporting accountants' expenses of HK$[**REDACTED**], and (b) other fees and expenses of HK$[**REDACTED**]. During the Track Record Period, we recorded [**REDACTED**] expenses of RMB[**REDACTED**] for the period ended June 30, 2026. We expect to incur further [**REDACTED**] expenses after the Track Record Period, of which approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is attributable to the issue of H Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, other than those disclosed in paragraphs headed "Summary — Recent Developments" in this document, after performing all the due diligence work which our Directors consider appropriate, that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026 and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF 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.

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of the Company was RMB264,708,186 comprising 264,708,186 A Shares of nominal value of RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**], the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
A Shares in issue	264,708,186	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is fully exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**], the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
A Shares in issue	264,708,186	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**] and our A Shares are ordinary Shares in the share capital of the Company and are considered as one class of Shares. However, apart from qualified domestic institutional [**REDACTED**] and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be [**REDACTED**] by or [**REDACTED**] between legal or natural persons of the PRC. A Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional [**REDACTED**] or qualified foreign strategic [**REDACTED**] or the Hong Kong and overseas [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. H Shares may only be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars. A Shares, on the other hand, may only be [**REDACTED**] for and [**REDACTED**] in Renminbi.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all

dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share 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 are not applicable to companies dual [**REDACTED**] in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [**REDACTED**] and [**REDACTED**] on the Stock Exchange.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

Approval from A Shareholders is required for the Company to issue H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of the Company held on December 12, 2025 and is subject to the following conditions:

(a) **Size of the [REDACTED].** The proposed number of H Shares to be [**REDACTED**] initially shall not exceed [**REDACTED**]% of the total issued share capital as enlarged by the H Shares to be issued pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(b) **Method of [REDACTED].** The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(c) **Target [REDACTED].** The H Shares shall be issued to public [**REDACTED**] in Hong Kong under the [**REDACTED**], and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to [**REDACTED**] abroad in the [**REDACTED**].

(d) [**REDACTED**] **determination basis.** The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of the Company, acceptance of [**REDACTED**] and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(e) **Validity period.** The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the shareholders' general meeting was held on December 12, 2025.

There is no other approved [**REDACTED**] plan for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETING

For details of circumstance under which our shareholders' general meeting is required, see "Summary of Articles of Association — Shareholders' General Meeting" in Appendix III to this document.

As far as our Directors are aware, immediately following the completion of the [**REDACTED**], the following persons will have an interest and/or short position (as applicable) in our Shares or underlying Shares which will be required to be disclosed to the Company pursuant to 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 our share capital carrying rights to vote in all circumstances at general meetings of the Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED]			
				Assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [REDACTED]		Assuming the [REDACTED] is fully exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [REDACTED]	
Shareholder	**Nature of interest**	**Number and description of Shares[1]**	**Approximate percentage of interest in the Company**	**Approximate percentage of interest in the A Shares**	**Approximate percentage of interest in the Company**	**Approximate percentage of interest in the A Shares**	**Approximate percentage of interest in the Company**
Dr. Sheng . . .	Beneficial owner; interest held jointly with other persons[2]	62,268,264 A Shares	23.52%	[23.52]%	[REDACTED]	[23.52]%	[REDACTED]
Ms. Lu	Beneficial owner; interest held jointly with other persons[2]	62,268,264 A Shares	23.52%	[23.52]%	[REDACTED]	[23.52]%	[REDACTED]
Ms. Gao Qingping . .	Beneficial owner; Interest in controlled corporation[3]	14,059,860 A Shares	5.31%	[5.31]%	[REDACTED]	[5.31]%	[REDACTED]
Ningbo Ze'ao .	Beneficial owner	14,025,510 A Shares	5.30%	[5.30]%	[REDACTED]	[5.30]%	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, Dr. Sheng directly held 49,636,620 Shares, and Ms. Lu directly held 12,631,644 Shares. Pursuant to the Renewed Concert Party Agreement, Ms. Lu has remained and will continue to act in concert with Dr. Sheng in respect of matters at shareholders' general meetings and board meetings of the Company. As a result, each of Dr. Sheng and Ms. Lu was deemed to be interested in all the Shares in which each of them is interested under the SFO.

(3) As of the Latest Practicable Date, the voting power of Ningbo Ze'ao in the Company was controlled by its general partner Ms. Gao Qingping, one of our senior management members. As a result, Ms. Gao Qingping is deemed to be interested in the 14,025,510 A Shares held by Ningbo Ze'ao.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]), have any interest and/or short position in the Shares or underlying Shares of the Company which will be required to be disclosed to the Company and the Stock Exchange pursuant to 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 general meeting of the Company or any other member of our Group.

OVERVIEW

The Board will consist of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. The Board is responsible for and has the general power over the management and operation of our business. The table below sets out key information of our Directors:

DIRECTORS

Name	Age	Position	Responsibilities	Date of first appointment as a Director	Date of joining the Group
Dr. Sheng Zelin (盛澤林)	66	Chairman of the Board, executive Director and general manager	Responsible for the overall strategic planning and operational management of the Company	March 2009	March 2009
Ms. Lu Huiping (陸惠萍)	59	Executive Director and executive deputy general manager	Responsible for the management of the Company's quality, environment, health and safety ("**EHS**"), compliance and legal affairs	January 2010	January 2010
Dr. Lyu Binhua (呂彬華)	47	Executive Director, executive vice president, deputy general manager and chief scientific officer	Responsible for the Company's new drug R&D and operational management	May 2022	July 2012
Ms. Li Deyu (李德毓)	46	Non-executive Director	Responsible for providing advice and making recommendations to the Board	May 2022	May 2022
Mr. Zhang Junchao (張軍超)	45	Non-executive Director	Responsible for providing advice and making recommendations to the Board	May 2025	June 2009
Mr. Yi Bihui (易必慧)	47	Non-executive Director	Responsible for providing advice and making recommendations to the Board	May 2025	June 2010
Mr. Cheng Zengjiang (程增江)	60	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	May 2025	May 2025
Ms. Guan Yamei (管亞梅)	56	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	May 2025	May 2025
Mr. Guo Bing (郭冰)	53	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	December 2025	December 2025

Executive Directors

Dr. Sheng Zelin (盛澤林), aged 66, has been serving as the chairman of the Board and the general manager of the Company since the establishment of the Company in March 2009. Dr. Sheng is primarily responsible for the overall strategic planning and operational management of the Company.

Dr. Sheng holds various position in our subsidiaries. Dr. Sheng has served as executive director and general manager at Suzhou Zelgen since December 2009, as executive director at Shanghai Zelgen since December 2013, and as executive director and general manager at Zhejiang Zelgen since January 2021, respectively. He also served as a director at Gensun Biopharma from November 2018 to December 2025.

Dr. Sheng has almost 30 years of experience in the biopharmaceutical industry. From June 1996 to March 2003, he served as a senior research scientist in Bristol Myers Squibb. From April 2003 to June 2004, he served as a director of Shanghai Celgen Biopharmaceutical Co., Ltd. (上海賽金生物醫藥有限公司). From July 2004 to June 2005, he served as an executive director of Shanghai Onnext Pharmaceutical Technology Co., Ltd. (上海奧納醫藥技術有限公司), primarily responsible for the business planning and client acquisition. From June 2005 to March 2009, Dr. Sheng served as the chief operating officer of Egret Pharma (Shanghai) Co., Ltd. (白鷺醫藥技術(上海)有限公司), primarily responsible for the day-to-day administrative and operational functions, as well as pre-clinical and clinical operations.

Dr. Sheng obtained a master's degree in hematology from the School of Medicine at Zhengzhou University (鄭州大學醫學院) (formerly known as Henan Medical University (河南醫科大學)) in the PRC in July 1986. He also obtained a doctorate degree in pharmacology from the University of Miami in the United States in December 1992. From January 1993 to May 1996, he completed his postdoctoral fellow in University of California San Diego in the United States. In September 2010, he obtained an Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC.

Ms. Lu Huiping (陸惠萍), aged 59, joined the Group in January 2010 and has been serving as the executive deputy general manager of the Company since then. Ms. Lu is primarily responsible for the management of the Company's quality, EHS, compliance and legal affairs.

Ms. Lu has over 25 years of experience in the biopharmaceutical industry. Ms. Lu served as a lecturer of molecular genetics teaching and research section of Naval Medical University (中國人民解放軍海軍軍醫大學) from August 1992 to July 1999 and subsequently worked at Shanghai Clonbiotech. Co., Ltd. (上海克隆生物高技術有限公司) from August 1999 to December 2001. She then worked as a deputy general manager at Shanghai Ambrx Biopharma Co., Ltd. (上海安博生物醫藥有限公司) (formerly known as Shanghai Biolaxy Medical Science and Technology Co. Ltd. (上海藍心醫藥科技有限公司)) from November 2004 to September 2007, primarily responsible for the operational management and IND-enabling research for new drug projects, including CMC studies, preclinical research and regulatory filings. Prior to joining our group, Ms. Lu worked at MicuRx (Shanghai) Pharmaceuticals Inc. (盟科醫藥技術(上海)有限公司), serving as a deputy general manager from 2007 to 2009, primarily responsible for the operational management and IND-enabling research for new drug projects, including quality studies, preclinical research, and regulatory filings.

Ms. Lu obtained a bachelor's degree in genetics and genetic engineering from Fudan University (復旦大學) in the PRC in July 1989 and a master's degree in molecular genetics from the same university in July 1992. She obtained the senior engineer qualification in biopharmaceuticals in 2001. Ms. Lu completed the 18th Session of the Finance and Investment Entrepreneur Program sponsored by the School of Management, Fudan University in March 2018, and the Wharton executive education online program in March 2022.

Dr. Lyu Binhua (呂彬華), aged 47, joined the Group in July 2012 and has served successively as the director of chemistry, vice president of chemistry, chief scientific officer, deputy general manager and executive vice president of the Company since then. Dr. Lyu was appointed as an executive Director of the Company in May 2022 and is primarily responsible for the Company's new drug R&D and operational management.

Dr. Lyu has over 20 years of experience in the biopharmaceutical industry. From April 2004 to May 2005, Dr. Lyu served as a technical head of Shanghai Huali Biopharmaceutical Co., Ltd. (上海華理生物醫藥股份有限公司), where he led process development and optimization, designed synthetic routes for generic drugs for pilot and commercial scale-up, and managed technology transfer and coordination with collaborators. He then took the position of senior research scientist of Egret Pharma (Shanghai) Co., Ltd. (白鷺醫藥技術(上海)有限公司) before serving as a deputy director of medicine research and development of the same company from July 2010 to June 2012 prior to joining our Group.

Dr. Lyu obtained a bachelor's degree in light chemical engineering from Qingdao University (青島大學) in the PRC in July 2001 and a master's degree in organic chemistry from East China University of Science and Technology (華東理工大學) in the PRC in March 2004. He also obtained a doctorate degree in organic chemistry from the Chengdu Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院成都有機化學研究所) in the PRC in July 2010.

Non-executive Directors

Ms. Li Deyu (李德毓), aged 46, joined the Group in May 2022. Ms. Li was appointed as a non-executive Director of the Company in May 2022 and is primarily responsible for providing advice and making recommendations to the Board.

Ms. Li has more than 15 years of experience in the biotechnology field. Since July 2009, she has served successively as deputy director of the laboratory, deputy general manager, general manager and director at Kunshan Institute of Industrial Technology Small Nucleic Acid Biotechnology Research Institute Co., Ltd. (昆山市工業技術研究院小核酸生物技術研究所有限責任公司). Since May 2023, Ms. Li has served as a director of Imsonic Medical China, Inc (澤朴醫療技術(蘇州)有限公司).

Ms. Li obtained a bachelor's degree in biomedical engineering from Shandong University (山東大學) in the PRC in July 2002. She then obtained a master's degree in cell and molecular biology from the School of Medicine, Newcastle University in the United Kingdom in September 2004, and a doctorate degree in cell and molecular biology from the same university in December 2008.

Mr. Zhang Junchao (張軍超), aged 45, joined the Group in June 2009 and has successively served as a R&D supervisor, senior manager of biologics production culture, deputy director of biologics production culture, and director of biologics production, respectively. Mr. Zhang was appointed as a non-executive Director of the Company in May 2025. He is primarily responsible for providing advice and making recommendations to the Board. Mr. Zhang has more than 15 years of experience in the biological-science field.

Mr. Zhang obtained a diploma in biology education from West Anhui University (皖西学院) in the PRC in June 2002, and a master's degree in cell biology from Soochow University (蘇州大學) in the PRC in June 2009.

Mr. Yi Bihui (易必慧), aged 47, joined the Group in June 2010 and has successively served as a formulation researcher, a formulation manager, a deputy director of solid dosage form production, and director of solid dosage form manufacturing, respectively. He was appointed as an employee representative Director of the Company in May 2025. Mr. Yi is primarily responsible for providing advice and making recommendations to the Board.

Mr. Yi has over 25 years of experience in the pharmaceutical manufacturing field. From August 1999 to November 2006, Mr. Yi successively served as a technician, a section leader and a technical-quality supervisor at Kunshan Shuanghe Pharmaceutical Co., Ltd. Preparation Factory (昆山雙鶴藥業有限責任公司製劑廠). From December 2006 to December 2010, he successively served as a QA manager, QA supervisor and QA section head in the quality management department of Shanghai Xinyi Huanghe Pharmaceutical Co., Ltd. (上海新黃河製藥有限公司) (formerly known as Shanghai Simpax Pharmaceutical Co., Ltd. (上海辛帕斯製藥有限公司)).

Mr. Yi obtained a bachelor's degree in pharmacy from China Pharmaceutical University (中國藥科大學) in the PRC in July 2005.

Independent Non-executive Directors

Mr. Cheng Zengjiang (程增江), aged 60, joined the Group and was appointed as an independent non-executive Director in May 2025. He is primarily responsible for supervising and offering independent judgment to the Board.

Mr. Cheng has more than 35 years of experience in the pharmaceutical industry. He previously worked as assistant research fellow at the Chinese People's Liberation Army (PLA) General Hospital (中國人民解放軍總醫院) in Beijing. From April 2006 to December 2006, he served as general manager at Beijing Sipu Run'an Medicine Technology Co., Ltd. (北京思普潤安醫藥科技有限公司). Mr. Cheng has served as chairman of Kebeiyuan (Beijing) Biopharmaceutical Technology Co., Ltd. (科貝源(北京)生物醫藥科技有限公司) since January 2007 and as chairman of Tongxiyi (Beijing) Technology Development Co., Ltd. (同寫意(北京)科技發展有限公司) since April 2017. He has also served as independent director of BrightGene Bio-Medical Technology Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688166)) since September 2024 and as independent director of Chengdu Easton Bio Pharmaceuticals Co., Ltd. (成都苑東生物製藥股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688513)) since December 2024.

Mr. Cheng obtained a bachelor's degree in pharmacy from Naval Medical University (中國人民解放軍海軍軍醫大學) in August 1986, a master's degree in pharmaceutical analysis from the Academy of Military Medical Sciences (中國人民解放軍軍事科學院軍事醫學研究院) in August 1991, and a doctoral degree in pharmaceutical analysis from the same academy in August 1997, respectively.

Ms. Guan Yamei (管亞梅), aged 56, joined the Group and was appointed as an independent non-executive Director in May 2025. She is primarily responsible for supervising and offering independent judgment to the Board.

Ms. Guan formerly served as an independent director at Xinjiang Hejin Holding Co., Ltd. (新疆合金投資股份有限公司) (formerly known as Shenyang Hejin Holding Co., Ltd (瀋陽合金投資股份有限公司)) (a company listed on the Shenzhen Stock Exchange (stock code: 000633)) from October 2014 to June 2017, Nanjing Red Sun Co., Ltd. (南京紅太陽股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000525)) from April 2015 to October 2020, Suzhou Good-Ark Electronics Co., Ltd. (蘇州固鍀電子股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002079)) from April 2016 to April 2022, Anhui Huamao Textile Co., Ltd. (安徽華茂紡織股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000850)) from May 2017 to May 2024, Guorui Technology Co., Ltd. (國睿科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600562)) from October 2018 to October 2024, HeBei Raisesun Information Technology Co., Ltd. (河北志晟信息技術股份有限公司) (a company listed on the Beijing Stock Exchange (stock code: 920171)) from November 2020 to November 2023, and Nanjing Changjiang Urban Architectural Design Co., Ltd. (南京長江都市建築設計股份有限公司) from October 2020 to May 2024, respectively. She has also served as an independent director at Nanjing Well Pharmaceutical Group Co., Ltd. (南京威爾藥業集團股份有

限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603351)) since May 2023 and at Suzhou Hailu Heavy Industry Co., Ltd. (蘇州海陸重工股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002255)) since April 2025.

Ms. Guan obtained a bachelor's degree in accounting from Nanjing University of Finance and Economics (南京財經大學) (formerly known as Nanjing Institute of Economics (南京經濟學院) in July 1993, a master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in August 1999 and a doctoral degree in management science and engineering from Jiangsu University (江蘇大學) in June 2009, respectively. She completed post-doctoral research in accounting at Nanjing University (南京大學) from September 2010 to December 2012. Ms. Guan has been employed at Nanjing University of Finance and Economics (南京財經大學) since August 1993 and obtained the title of professor in August 2011. Ms. Guan has been a member of the Chinese Institute of Certified Public Accountants since September 2025.

In 2021, the Shenzhen Stock Exchange issued a Decision on Disciplinary Actions (the "**Decision**") against Nanjing Red Sun Co., Ltd. (南京紅太陽股份有限公司) ("**Red Sun**"), in which it determined that Red Sun committed regulatory breaches, including non-operational occupation of funds by the controlling shareholder and its associates during August 2020 to December 2020 and irregular provision of external guarantees to the shareholder's associate during May 2020 to July 2020. Pursuant to such decision, Red Sun was subject to public censure, while Ms. Guan, a then independent non-executive director and a member of the audit committee of Red Sun, together with other relevant directors, senior management members and supervisors of Red Sun, was subject to a notice of criticism (the "**Notice**"). During her tenure in Red Sun, Ms. Guan was primarily responsible for providing independent judgment to the board of directors of Red Sun and overseeing financial reporting and internal control of the Red Sun. Ms. Guan did not aware of, participate in, approve or facilitate the relevant regulatory breaches. Upon becoming aware of potential irregularities during the audit process before receiving the Decision and the Notice, Ms. Guan duly performed her duties as an independent director by making enquiries with the management and auditors, proposing remedial measures, urging the enhancement of internal control systems and recommending the prompt repayment of the occupied funds, which were subsequently fully repaid. The primary liable parties of the above regulatory breaches were identified as the Red Sun's controlling shareholder and its associates for abusing control and undermining Red Sun's independence, together with the chairman of the board, chief executive officer, and chief financial officers who failed to ensure compliant operations, effective financial oversight, and timely information disclosure, and all of the whom were subject to public censure. Ms. Guan was not disqualified to be a director of a company by the regulatory authorities nor received other punishment other than the Notice in respect of the above regulatory breaches. As advised by our PRC Legal Adviser, the notice of criticism does not constitute major or severe administrative regulatory measures pursuant to applicable PRC laws and regulations, and would not impair the suitability of Ms. Guan to serve as an independent non-executive director of the Company. Based on the foregoing facts and analysis, the PRC Legal Adviser's advise, and the information currently available to the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on the suitability of Ms. Guan to serve as an independent non-executive director of the Company.

Mr. Guo Bing (郭冰), aged 53, joined the Group and was appointed as an independent non-executive Director in December 2025. He is primarily responsible for supervising and offering independent judgment to the Board.

Mr. Guo has more than 25 years of experience in the industrial and corporate management field. From December 2003 to July 2014, he successively served as president, executive vice president and a director of Centre Testing International Group Co., Ltd. (華測檢測認證集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300012)). Mr. Guo has served as chairman of the board at Shenzhen Amae Co., Ltd (深圳國技儀器有限公司) and Shenzhen Guojia Investment Development Co., Ltd. (深圳市國佳投資發展有限公司) since November 2015. Mr. Guo has served as an independent non-executive director of Beijing DeepZero Technology Co., Ltd. (北京深演智能科技股份有限公司) (a company listed on the Stock Exchange (stock code: 2723) since May 2025.

Mr. Guo obtained a bachelor's degree in electronic engineering from Nanjing University of Science and Technology (南京理工大學) in June 1994 and an Executive Master of Business Administration (EMBA) from China Europe International Business School in September 2010 in the PRC. He also obtained a doctoral degree in management from the Hong Kong Polytechnic University (香港理工大學) in September 2015 in Hong Kong.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of first appointment as a senior management member	Date of joining the Group
Dr. Sheng Zelin (盛澤林)	66	Chairman of the Board, executive Director and general manager	Responsible for the overall strategic planning and operational management of the Company	March 2009	March 2009
Ms. Lu Huiping (陸惠萍)	59	Executive Director and executive deputy general manager	Responsible for the management of the Company's quality, EHS, compliance and legal affairs	January 2010	January 2010
Dr. Lyu Binhua (呂彬華)	47	Executive Director, executive vice president, deputy general manager and chief scientific officer	Responsible for the Company's new drug R&D and operational management	February 2019	July 2012
Mr. Wu Jisheng (吳濟生)	61	Deputy general manager and chief medical officer	Responsible for the Company's new drug clinical development and regulatory registration affairs	February 2019	July 2016
Ms. Gao Qingping (高青平)	49	Deputy general manager and secretary to the Board	Responsible for the Company's securities affairs, administration and human resources management	February 2019	July 2009
Mr. Huang Gang (黃剛)	55	Deputy general manager and financial controller	Responsible for the financial management of the Company	February 2019	January 2019

For the biographical details of Dr. Sheng Zelin, Ms. Lu Huiping and Dr. Lyu Binhua, see "— Directors" above.

Mr. Wu Jisheng (吳濟生), aged 61, joined the Group in July 2016 and has successively served as the chief medical officer, deputy general manager and a director of the Company since then. Mr. Wu is primarily responsible for the Company's new drug clinical development and regulatory registration affairs.

Mr. Wu has over 30 years of experience in the clinical development and pharmaceutical R&D field. From August 1992 to September 1996, he successively served as the chief representative in Shanghai Representative Office, a southern district manager and a manager of the peptide hormone business unit in the PRC, respectively at Pfizer Investment Co., Ltd. (輝瑞投資有限公司) (formerly known as Pharmacia & Upjohn China Ltd. (法瑪西亞普強(中國)有限公司)). From June 1998 to October 2000, he served as a clinical research manager and a research scientist at Pharmacia & Upjohn. He also served as a senior director of clinical development at Auxillium USA and as an executive director of clinical development at Graceway Pharmaceuticals USA. From April 2011 to May 2014, he served as a senior vice president and general manager of Clinical Operations at Frontage Laboratories, Inc. He later served as the chief operating officer and senior vice president at Prosoft Clinical USA. From November 2014 to July 2016, he acted as the chief medical officer at WuXi Clinical Development Services (Shanghai) Co., Ltd. (上海康德弘翼醫學臨床研究有限公司) (formerly known as Shanghai Kintal Medical Technology Co., Ltd. (上海康德保瑞醫學臨床研究有限公司)).

Mr. Wu obtained a bachelor's degree in clinical medicine from Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) (formerly known as Shanghai Second Medical University (上海第二醫科大學)) in the PRC in July 1991 and a master's degree in internal medicine from the same university in June 1998. He also obtained a master's degree in business administration from The Pennsylvania State University in the United States in August 2008.

Ms. Gao Qingping (高青平), aged 49, joined the Group in July 2009 and has successively served as the director of administration and human resources, senior vice president of administration, deputy general manager and secretary to the Board of the Company since then. Ms. Gao is primarily responsible for the Company's securities affairs, administration and human resources management.

Ms. Gao has approximately 25 years of experience in the management and investment field. From August 2000 to June 2001, she served as a quality engineer at SPH NO. 1 Biochemical & Pharmaceutical Co., Ltd. (上海上藥第一生化藥業有限公司) (formerly known as SPH NO. 1 Biochemical & Pharmaceutical Co., Ltd. (上海第一生化藥業有限公司)). From July 2001 to February 2008, she served as a group quality supervisor at Shanghai Hezhong Investment Development (Group) Co., Ltd. (上海禾眾投資發展(集團)有限公司) (formerly known as Shanghai Huayuan Changfu Pharmaceutical (Group) Co., Ltd. (上海華源長富藥業(集團)有限公司)). She served as project manager at Egret Pharma (Shanghai) Co., Ltd. from February 2008 to June 2009.

Ms. Gao obtained a bachelor's degree in pharmaceutical engineering from East China University of Science and Technology in July 2000 and an Executive Master of Business Administration (EMBA) from China Europe International Business School in August 2021. She obtained the economist qualification by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in November 2002 and the licensed pharmacist professional qualification by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in December 2004.

Mr. Huang Gang (黃剛), aged 55, joined the Group in January 2019 and has successively served as deputy general manager and financial controller since then. Mr. Huang is primarily responsible for the financial management of the Company.

Mr. Huang has approximately 30 years of experience in accounting and financial management. From July 1995 to December 2009, Mr. Huang successively served several accounting firms. From December 2009 to June 2016, he successively served as the financial controller and investment director at Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300347) and the Stock Exchange (stock code: 3347). From June 2016 to August 2017, he served as the chief financial officer at Shanghai Medsci Pharmaceutical Technology Co., Ltd. (上海梅斯醫藥科技有限公司) (a company listed on the Stock Exchange (stock code: 02415). From August 2017 to February 2018, he served as the chief financial

officer at Shanghai Yuanyao Biological Co., Ltd. (上海源耀農業股份有限公司) (formerly known as Shanghai Yuanyao Biological Co., Ltd. (上海源耀生物股份有限公司)). He later served as the financial controller at Zhejiang Heze Pharmaceutical Technology Co., Ltd. (浙江和澤醫藥科技股份有限公司) (formerly known as Hangzhou Heze Pharmaceutical Technology Co., Ltd. (杭州和澤醫藥科技有限公司)). From March 2016 to September 2024, he served as an independent director at Shanghai Shen Lian Biomedical Corporation (申聯生物醫藥(上海)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688098)).

Mr. Huang has been serving as the managing partner of Ningbo Meishan Bonded Port Area Genhou Investment Partnership (Limited Partnership) (寧波梅山港保税港區亙厚投資合夥企業(有限合夥)) since March 2017, and of Songjing (Shanghai) Medical Technology Partnership (Limited Partnership) (淞京(上海)醫療科技合夥企業(有限合夥)) since September 2018. He also served as the managing partner of Shanghai Miaojing Medical Technology Partnership (Limited Partnership) (上海邈京醫療科技合夥企業(有限合夥)) from January 2019 to October 2025.

Mr. Huang obtained an executive master of professional accounting (EMPA) degree from the Chinese University of Hong Kong (香港中文大學) in November 2015. He also obtained the senior accountant qualification, the certified public accountant qualification, the certified asset appraiser qualification, the certified tax agent qualification and the registered consulting engineer (investment) qualification.

GENERAL

As of the Latest Practicable Date, (i) save as disclosed in this section, none of the Directors or members of the senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document; (ii) none of the Directors or members of the senior management of the Company was related to any other Directors and members of the senior management; (iii) save as disclosed in "Statutory and General Information" set out in Appendix IV to this document, none of the Directors or general manager of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and (iv) save as disclosed in this section, there was no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules in December 2025, and (ii) understood his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she had no past or present financial or other interest in the business of the Company or its subsidiary 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 were no other factors that may affect his or her independence at the time of his or her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Gao Qingping as our joint company secretary in November 2025, and Ms. Au Yeung Lai Yee in June 2026, with effect from the [**REDACTED**].

For details of Ms. Gao Qingping's biography, see "— Senior Management" above.

Ms. Au Yeung Lai Yee (歐陽麗儀) was appointed as one of our joint company secretaries in June 2026. She is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over ten years of experiences in corporate secretarial field. She has been an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Besides, she obtained a bachelor's degree in business administration from Hong Kong Baptist University and a master degree of corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong).

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy and ESG Committee.

Audit Committee

We have 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 Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Guan Yamei, Mr. Guo Bing, Ms. Li Deyu, with Ms. Guan Yamei currently serving as the chairperson. Ms. Guan Yamei has the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

(i) proposing the appointment or change of external auditors to the Board, monitoring the independence of external auditors and evaluating their performance;

(ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;

(iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to the Board; and

(iv) dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Cheng Zengjiang, Ms. Guan Yamei and Dr. Sheng Zelin, with Mr. Cheng Zengjiang currently serving as the chairperson. The primary duties of the Nomination Committee include, but are not limited to, the following:

(i) conducting extensive search and providing the Board with suitable candidates for the Directors, members of the senior management;

(ii) reviewing the structure, size and composition of the Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting the Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(iii) researching and developing standards and procedures for the election of the Board members, members of the senior management, and making recommendations to the Board;

(iv) assessing the independence of the independent non-executive Directors;

(v) supporting the Company's regular evaluation of the Board's performance; and

(vi) dealing with other matters that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Guo Bing, Ms. Guan Yamei, Dr. Sheng Zelin, with Mr. Guo Bing currently serving as the chairperson. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

(i) advising the Board on the overall remuneration plan and structure of the Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;

(ii) monitoring the implementation of the remuneration system of the Company;

(iii) making recommendations on the remuneration packages of the Directors and senior management; and

(iv) dealing with other matters that are authorized by the Board.

Strategy and ESG Committee

We have established the Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of five Directors, namely Dr. Sheng Zelin, Ms. Lu Huiping, Dr. Lyu Binhua, Mr. Yi Bihui, Mr. Cheng Zengjiang, with Dr. Sheng Zelin currently serving as the chairperson. The primary duties of the Strategy and ESG Committee include, but are not limited to, the following:

(i) reviewing and providing recommendations for the Company's long-term development strategies, major investment proposals, major operation decisions and other important matters affecting the Company's development;

(ii) identifying significant ESG risks and opportunities, reviewing and providing recommendations for the company's ESG strategies and reports;

(iii) monitoring the implementation of the above matters; and

(iv) dealing with other matters that are authorized by the Board.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies [**REDACTED**] on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the board and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairman of the board and general manager, and Dr. Sheng Zelin currently performs these two roles. The Board believes that vesting the roles of both the chairman of the board and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman of the board and the general manager of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company intends to comply with all code provisions under the Corporate Governance Code after the [**REDACTED**].

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to the Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. The Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in different areas. They obtained degrees in various areas including medicine, molecular genetics, organic chemistry, electronic engineering, accounting and business administration. Furthermore, the Board has a diverse age and gender representation. Our Board currently comprises three female Directors and six male Directors, ranging from 45 years old to 66 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to the Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become the Board members, which will be reviewed by our nomination

committee periodically to maintain gender diversity of the Board. Taking into account our existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies our board diversity policy.

Upon the [**REDACTED**], the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from the Company are paid in the forms of salaries, bonuses, allowances and benefits in kind and equity-settled share award expense. The independent non-executive Directors receive compensation based on their responsibilities. The remuneration of the Directors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries, bonuses, allowances and benefits in kind, equity-settled share award expense and pension scheme contributions) paid to the Directors and supervisors for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 amounted to RMB0.9 million, RMB11.1 million, RMB9.96 million and RMB4.03 million, respectively.

The aggregate amount of remuneration (including salaries, bonuses, allowances and benefits in kind, equity-settled share award expense and pension scheme contributions) incurred by the five highest-paid individuals of the Group (including two, two, two and two Directors) for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 amounted to RMB14.1 million, RMB16.0 million, RMB14.6 million and RMB6.3 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to the Directors for the year ending December 31, 2026 to be approximately RMB11.5 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

We confirm that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISER

The Company has appointed Red Solar Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise the Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) 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 deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

FUTURE PLANS

See "Business — Our Strategies" for more details of our future business plans and strategies.

USE OF [REDACTED]

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

In line with our strategies, we intend to use the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to our R&D initiatives and clinical development of our drug candidates, including advancing antibody therapies with a particular focus on bispecific and trispecific antibodies and expanding our pipeline of small-molecule targeted drugs.

    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZG006. Such activities will primarily include: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase III clinical trial in China evaluating ZG006 in combination with immuno-oncology therapies for first-line induction and maintenance treatment of SCLC, which we expect to commence in the third quarter of 2026 and conclude in the fourth quarter of 2030. For this trial, we plan to enroll 400 patients, and the primary endpoint will be OS rate; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase III clinical trial in China evaluating ZG006 monotherapy for the treatment of second-line or more advanced NEC (including companion diagnostics), which we expect to commence in the second quarter of 2026 and conclude in the second quarter of 2029. We plan to enroll 210 patients for this trial, and the primary endpoint will be OS rate; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase II/III clinical trial in China evaluating ZG006 for the treatment of limited-stage SCLC, which we expect to commence in the fourth quarter of 2026 and conclude in the fourth quarter of 2030. For this trial, we plan to enroll 400 patients, and the primary endpoint will be OS rate; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase II international clinical trial in the United States evaluating ZG006 for the treatment of SCLC, which we expect to commence in Q2 2025 and conclude in Q4 2029. For this trial, we plan to enroll 50 patients, and the primary endpoints include ORR and PFS; and (v) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund other R&D activities for ZG006, including a Phase II clinical trial in China for the first-line extensive stage SCLC therapies, a Phase I/II clinical trial in combination with antibody-drug conjugates for SCLC, a Phase II clinical trial in first-line SCLC in combination with ZG005 and/or antibody-drug conjugates, and related pre-clinical and CMC studies for BLA.

In connection with the clinical trial timeline described above, the following table sets forth a detailed breakdown of the costs we expect to incur for the above-mentioned R&D activities of ZG006:

	For the Year Ending December 31,				
	2026	2027	2028	2029	2030
Clinical trials:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Clinical trial service fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Preclinical studies:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pharmaceutical research fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZG005. Such activities will primarily include: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase III clinical trial in China evaluating ZG005 for first-line treatment of HCC, which we expect to commence in the third quarter of 2026 and conclude in the fourth quarter of 2030. For this trial, we plan to enroll 600 patients, and the primary endpoint will be OS rate; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase III clinical trial in China evaluating ZG005 in combination with EP chemotherapy for first-line treatment of NEC, which we expect to commence in the second quarter of 2026 and conclude in the fourth quarter of 2029. For this trial, we plan to enroll 400 patients, and the primary endpoint will be OS rate; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase III clinical trial in China evaluating ZG005 in combination with chemotherapy with or without bevacizumab for first-line treatment of advanced cervical cancer, conducted as a controlled study against immuno-oncology therapy combined with chemotherapy with or without bevacizumab. We expect this trial to commence in the second quarter of 2026 and conclude in the second quarter of 2030. For this trial, we plan to enroll 520 patients, and the primary endpoint will be OS rate; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase I/II international clinical trial in the United States evaluating ZG005 for the treatment of advanced solid tumors, which we expect to commence in the third quarter of 2027 and conclude in the third quarter of 2030. For this trial, we plan to enroll 50 patients, and the primary endpoints will include ORR, DoR, and PFS; and (v) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to

fund other R&D activities for ZG005, including Phase II clinical trial in gallbladder cancer as a first line therapy, Phase III clinical trial in refractory or relapsed lymphoma in combination with Zepuping in patients resistant to immuno-oncology therapies, and related pre-clinical and CMC studies for BLA.

In connection with the clinical trial timeline described above, the following table sets forth a detailed breakdown of the costs we expect to incur for the above-mentioned R&D activities of ZG005:

	For the Year Ending December 31,				
	2026	**2027**	**2028**	**2029**	**2030**
Clinical trials:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Clinical trial service fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Preclinical studies:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pharmaceutical research fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZGGS34. Such activities will primarily include: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase II clinical trial in China evaluating ZGGS34 for the treatment of advanced gastric cancer, which we expect to commence in the third quarter of 2026 and conclude in the fourth quarter of 2029. For this trial, we plan to enroll 100 patients, and the primary endpoint will be PFS; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase II clinical trial in China evaluating ZGGS34 for the treatment of advanced pancreatic ductal adenocarcinoma, which we expect to commence in the third quarter of 2026 and conclude in the fourth quarter of 2029. For this trial, we plan to enroll 100 patients, and the primary endpoint will be PFS; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund a Phase I/II international clinical trial in the United States evaluating ZGGS34 for the treatment of advanced solid tumors, which we expect to commence in the third quarter of 2026 and conclude in the fourth quarter of 2029. For this trial, we plan to enroll 30 patients, and the primary endpoints will include ORR, DoR, and PFS; and (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund related pre-clinical studies for ZGGS34.

In connection with the clinical trial timeline described above, the following table sets forth a detailed breakdown of the costs we expect to incur for the above-mentioned R&D activities of ZGGS34:

	For the Year Ending December 31,				
	2026	2027	2028	2029	2030
Clinical trials:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Clinical trial service fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Preclinical studies:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pharmaceutical research fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

o Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the R&D activities for ZGGS18. Such activities will primarily include our Phase III clinical trial in first-line NSCLC in combination with ZG005 and/or antibody-drug conjugates, which we expect to commence in the first quarter of 2028 and complete in the fourth quarter of 2030. We plan to enroll 600 patients in such trial and the primary endpoint will be OS rate.

In connection with the clinical trial timeline described above, the following table sets forth a detailed breakdown of the costs we expect to incur for the above-mentioned R&D activities of ZGGS18:

	For the Year Ending December 31,				
	2026	2027	2028	2029	2030
Clinical trials:					
Working hours of R&D personnel (hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average salary (HK$/hour)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Salary to be paid to R&D personnel (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Clinical trial service fees (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs of raw materials, reagents, and consumables (HK$ in millions)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

  - Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to research and discovery, including pre-clinical and early-stage clinical trials for immune cell engagers in bispecific antibodies and multi-specific antibodies, and small-molecule targeted drugs such as ZG2273.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to working capital and general corporate purposes.

If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, being the high end of the [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, being the low end of the [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**]. The above allocation of the [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro-rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the midpoint of the [**REDACTED**] stated in this document.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**]). In the event that the [**REDACTED**] is exercised, we intend to apply the additional [**REDACTED**] to the above purposes in the proportions stated above.

Given the proposed use of the [**REDACTED**] in the above mentioned R&D activities, our cost structure will continue to reflect significant R&D expenses, including preclinical and clinical trial service fees and R&D staff costs. High R&D expenses have been the primary driver of our net losses during the Track Record Period and are expected to remain substantial in the near term as we advance multiple drug candidates through clinical development. However, we believe these investments are essential to building a diversified pipeline, supporting future product launches, and ultimately improving profitability as commercialization expands and revenues from new products begin to offset R&D expenses.

To the extent that our [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the [**REDACTED**] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interests of the Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU ZELGEN BIOPHARMACEUTICALS CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Suzhou Zelgen Biopharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [●] to [●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Track Record Period") including material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of the 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 2 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' Report 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' judgment, 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 2 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 of the Company, 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 purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended 30 June 2025 and 2026, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2026 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim 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" issued by the HKICPA. A review consists of making inquiries, 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 Interim Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 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 [●] have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been declared or paid by the Company in respect of the Track Record Period.

SHINEWING (HK) CPA Limited
Certified Public Accountants
[●]
Practising Certificate Number: [●]

Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	*6*	383,557	531,529	810,188	375,542	1,204,390
Cost of sales		(28,209)	(34,278)	(80,866)	(42,138)	(66,209)
Gross profit		355,348	497,251	729,322	333,404	1,138,181
Other income and gains	*8*	138,380	102,376	106,313	56,153	52,722
Selling and distribution expenses		(250,488)	(271,448)	(465,359)	(211,258)	(284,670)
Administrative expenses		(17,584)	(59,636)	(82,654)	(35,132)	(41,342)
Research and development expenses		(496,330)	(387,999)	(429,907)	(196,504)	(199,537)
Other expenses	*9*	(4,094)	(6,699)	(2,169)	(2,725)	(15,406)
Finance costs	*10*	(24,317)	(28,893)	(24,201)	(13,872)	(11,303)
(Loss)/profit before tax	*12*	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Income tax credit	*11*	3,950	4,749	3,528	1,845	1,365
(Loss)/profit for the year/period		(295,135)	(150,299)	(165,127)	(68,089)	640,010
Attributable to:						
– Owners of the Company		(278,583)	(137,831)	(162,946)	(65,908)	640,010
– Non-controlling interests		(16,552)	(12,468)	(2,181)	(2,181)	–
		(295,135)	(150,299)	(165,127)	(68,089)	640,010
Other Comprehensive (expense)/income						
Item that will not be reclassified subsequently to profit or loss:						
Changes in fair value of financial instrument net of tax		(4,012)	(5,988)	–	–	–
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		1,341	(2,761)	366	(506)	27
Other comprehensive (expense)/income for the year/period		(2,671)	(8,749)	366	(506)	27
Total comprehensive loss for the year/period		(297,806)	(159,048)	(164,761)	(68,595)	640,037
Attributable to:						
– Owners of the Company		(281,691)	(146,355)	(162,520)	(66,354)	640,037
– Non-controlling interests		(16,115)	(12,693)	(2,241)	(2,241)	–
		(297,806)	(159,048)	(164,761)	(68,595)	640,037
(Loss)/earning per share for (loss)/profit attributable to owners of the Company (RMB per share)	*15*					
– Basic		(1.08)	(0.52)	(0.62)	(0.25)	2.42
– Diluted		(1.08)	(0.52)	(0.62)	(0.25)	2.42

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31			As at June 30
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets					
Property, plant and equipment	*16*	260,167	317,040	416,163	450,186
Right-of-use assets	*17*	61,252	58,254	40,188	35,928
Intangible assets	*18*	35,447	21,918	7,776	2,038
Prepayments	*24*	4,018	31,503	61,954	76,118
Equity instrument designated at fair value through other comprehensive income ("FVTOCI")	*20*	5,988	–	–	–
Total non-current assets		366,872	428,715	526,081	564,270
Current assets					
Inventories	*22*	110,852	182,861	173,267	192,873
Trade and bills receivables	*23*	101,140	143,628	154,252	204,288
Other receivables, deposits and prepayments	*24*	93,548	129,644	208,928	132,601
Financial assets at fair value through profit or loss ("FVTPL")	*25*	137,019	40,501	–	375,576
Bank balances and cash	*26*	2,077,777	2,079,265	1,906,658	2,056,631
Total current assets		2,520,336	2,575,899	2,443,105	2,961,969
Current liabilities					
Trade and bills payables	*27*	123,719	167,731	230,854	268,208
Other payables and accruals	*28*	131,927	219,810	141,707	142,245
Contract liabilities		–	–	1,248	39,293
Tax liabilities		20,638	20,946	13,972	11,696
Bank borrowings	*29*	845,729	953,756	1,031,146	717,150
Lease liabilities	*30*	13,169	11,201	9,012	6,571
Total current liabilities		1,135,182	1,373,444	1,427,939	1,185,163
Net current assets		1,385,154	1,202,455	1,015,166	1,776,806
Total assets less current liabilities		1,752,026	1,631,170	1,541,247	2,341,076
Non-current liabilities					
Bank borrowings	*29*	–	44,351	84,000	83,500
Deferred tax liabilities	*21*	9,583	5,701	1,640	–
Lease liabilities	*30*	29,456	26,861	8,597	5,716
Deferred income	*31*	68,150	301,655	366,560	531,373
Total non-current liabilities		107,189	378,568	460,797	620,589
Net assets		1,644,837	1,252,602	1,080,450	1,720,487
Equity					
Share capital	*32*	264,708	264,708	264,708	264,708
Reserves	*33*	1,368,145	989,151	815,742	1,455,779
Equity attributable to owners of the Company		1,632,853	1,253,859	1,080,450	1,720,487
Non-controlling interests		11,984	(1,257)	–	–
Total equity		1,644,837	1,252,602	1,080,450	1,720,487

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 33(a))*	*RMB'000 (Note 33(b))*	*RMB'000 (Note 33(c))*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	240,000	2,121,095	(19,332)	120,525	(2,842)	–	(1,700,328)	759,118	28,368	787,486
Loss for the year	–	–	–	–	–	–	(278,583)	(278,583)	(16,552)	(295,135)
Changes in fair value of equity instrument designated at FVTOCI, net of tax	–	–	–	–	–	(4,012)	–	(4,012)	–	(4,012)
Exchange differences arising on translation of foreign operations	–	–	–	–	904	–	–	904	437	1,341
Other comprehensive income (expense) for the year	–	–	–	–	904	(4,012)	–	(3,108)	437	(2,671)
Total comprehensive income (expense) for the year	–	–	–	–	904	(4,012)	(278,583)	(281,691)	(16,115)	(297,806)
Issue of shares *(note 32)*	24,490	1,175,510	–	–	–	–	–	1,200,000	–	1,200,000
Share issue cost	–	(18,067)	–	–	–	–	–	(18,067)	–	(18,067)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	2,192	–	–	–	2,192	342	2,534
Exercise of restricted share units granted *(note 34)*	218	20,441	–	(13,286)	–	–	–	7,373	–	7,373
Forfeitures of restricted share units *(note 34)*	–	–	–	(36,072)	–	–	–	(36,072)	(611)	(36,683)
At 31 December 2023	264,708	3,298,979	(19,332)	73,359	(1,938)	(4,012)	(1,978,911)	1,632,853	11,984	1,644,837

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Capital reserve**	**Share options reserve**	**Translation reserve**	**Revaluation reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000 (Note 33(a))*	*RMB'000 (Note 33(b))*	*RMB'000 (Note 33(c))*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	264,708	3,298,979	(19,332)	73,359	(1,938)	(4,012)	(1,978,911)	1,632,853	11,984	1,644,837
Loss for the year	–	–	–	–	–	–	(137,831)	(137,831)	(12,468)	(150,299)
Changes in fair value of equity instrument designated at FVTOCI, net of tax	–	–	–	–	–	(5,988)	–	(5,988)	–	(5,988)
Exchange differences arising on translation of foreign operations	–	–	–	–	(2,536)	–	–	(2,536)	(225)	(2,761)
Other comprehensive expense for the year	–	–	–	–	(2,536)	(5,988)	–	(8,524)	(225)	(8,749)
Total comprehensive expense for the year	–	–	–	–	(2,536)	(5,988)	(137,831)	(146,355)	(12,693)	(159,048)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 35)*	–	–	(233,897)	–	–	–	–	(233,897)	(907)	(234,804)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	1,258	–	–	–	1,258	359	1,617
At 31 December 2024	264,708	3,298,979	(253,229)	74,617	(4,474)	(10,000)	(2,116,742)	1,253,859	(1,257)	1,252,602

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 33(a)*	*RMB'000 (Note 33(b)*	*RMB'000 (Note 33(c)*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	264,708	3,298,979	(253,229)	74,617	(4,474)	(10,000)	(2,116,742)	1,253,859	(1,257)	1,252,602
Loss for the year	–	–	–	–	–	–	(162,946)	(162,946)	(2,181)	(165,127)
Exchange differences arising on translation of foreign operations	–	–	–	–	426	–	–	426	(60)	366
Other comprehensive income/(expense) for the year	–	–	–	–	426	–	–	426	(60)	366
Total comprehensive income/(expense) for the year	–	–	–	–	426	–	(162,946)	(162,520)	(2,241)	(164,761)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 35)*	–	–	(12,854)	–	–	–	–	(12,854)	3,331	(9,523)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	1,965	–	–	–	1,965	167	2,132
At 31 December 2025	264,708	3,298,979	(266,083)	76,582	(4,048)	(10,000)	(2,279,688)	1,080,450	–	1,080,450

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 33(a)*	*RMB'000 (Note 33(b)*	*RMB'000 (Note 33(c)*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	264,708	3,298,979	(253,229)	74,617	(4,474)	(10,000)	(2,116,742)	1,253,859	(1,257)	1,252,602
Loss for the period	–	–	–	–	–	–	(65,908)	(65,908)	(2,181)	(68,089)
Exchange differences arising on translation of foreign operations	–	–	–	–	(446)	–	–	(446)	(60)	(506)
Other comprehensive expense for the period	–	–	–	–	(446)	–	–	(446)	(60)	(506)
Total comprehensive expense for the period	–	–	–	–	(446)	–	(65,908)	(66,354)	(2,241)	(68,595)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 35)*	–	–	(12,854)	–	–	–	–	(12,854)	3,331	(9,523)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	1,965	–	–	–	1,965	167	2,132
At 30 June 2025 *(unaudited)*	264,708	3,298,979	(266,083)	76,582	(4,920)	(10,000)	(2,182,650)	1,176,616	–	1,176,616

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Total
	RMB'000	*RMB'000 (Note 33(a))*	*RMB'000 (Note 33(b))*	*RMB'000 (Note 33(c))*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*
At 1 January 2026	264,708	3,298,979	(266,083)	76,582	(4,048)	(10,000)	(2,279,688)	1,080,450
Profit for the period	–	–	–	–	–	–	640,010	640,010
Exchange differences arising on translation of foreign operations	–	–	–	–	27	–	–	27
Other comprehensive income for the period	–	–	–	–	27	–	–	27
Total comprehensive income for the period	–	–	–	–	27	–	640,010	640,037
At 30 June 2026 (unaudited)	264,708	3,298,979	(266,083)	76,582	(4,021)	(10,000)	(1,639,678)	1,720,487

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
OPERATING ACTIVITIES					
(Loss)/profit before tax	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Adjustments for:					
Depreciation of property, plant and equipment	33,375	33,258	33,400	17,328	12,509
Depreciation of right-of-use assets	12,169	12,900	8,463	4,854	4,290
Amortisation of intangible assets	13,687	14,046	13,742	6,995	5,565
Finance costs	24,317	28,893	24,201	13,872	11,303
Loss on disposal and write off of property, plant and equipment	280	–	–	–	2
Gain on changes in fair value of financial assets at FVTPL	(10,991)	(6,046)	(841)	(801)	(576)
Gain on derecognition of financial assets at FVTPL	(3,694)	(812)	(359)	–	(1,981)
Recognition of equity-settled share-based payments	2,534	1,617	2,132	2,132	–
Forfeitures of share options	(36,683)	–	–	–	–
Exchange losses, net	30	13	901	46	12,156
Impairment losses recognised for trade and bills receivables, net	640	2,219	417	1,689	2,793
Impairment losses recognised for other receivables, net	980	1,540	(299)	49	30
Write-down of inventories	–	–	5,644	3,358	5,321
Interest income	(39,355)	(58,288)	(55,125)	(28,161)	(27,944)
Operating cash flows before movements in working capital	(301,796)	(125,708)	(136,379)	(48,573)	662,113
(Increase)/decrease in inventories	(11,874)	(72,009)	3,950	15,288	(24,927)
Increase in trade and bills receivables	(12,795)	(44,707)	(11,041)	(33,461)	(52,829)
(Increase)/decrease in other receivables, deposits and prepayments	(4,854)	4,914	(13,067)	(5,379)	(9,210)
(Decrease)/increase in trade and bills payables	(9,035)	36,328	60,073	18,684	38,408
Increase/(decrease) in other payables	15,548	(414)	4,077	6,254	(5,797)
(Decrease)/increase in contract liabilities	(279)	–	1,248	525	38,045
Increase in deferred income	23,110	236,005	64,905	36,195	164,813
Cash (used in)/from operations	(301,975)	34,409	(26,234)	(10,467)	810,616
Interest received	12,120	7,172	606	261	6,464
Income taxes (paid) refunded	(69)	727	(6,947)	(118)	(2,522)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(289,924)	42,308	(32,575)	(10,324)	814,558
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	3,820	–	–	–	31
Purchases of property, plant and equipment	(61,054)	(94,561)	(181,436)	(79,716)	(49,417)
Purchase of intangible assets	(1,811)	(30)	(31)	–	–
Placement of non-pledged time deposits	(1,328,000)	(744,000)	–	–	(410,000)
Withdrawal of non-pledged time deposits	615,000	160,000	80,000	10,000	1,131,364
Purchases of financial assets at FVTPL	(1,135,000)	(943,000)	–	–	(810,000)
Proceeds from disposals of financial assets at FVTPL	1,261,600	1,046,376	41,701	7,330	436,981
Interest received from non-pledged time deposits	56,312	8,566	4,410	195	108,499
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(589,133)	(566,649)	(55,356)	(62,191)	407,458

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
FINANCING ACTIVITIES					
Issue of shares	1,200,000	–	–	–	–
Share issue costs paid	(18,067)	–	–	–	–
Exercise of share options	7,373	–	–	–	–
Acquisitions of additional interests from non-controlling shareholders of subsidiaries	–	(163,770)	(80,357)	(80,357)	–
Proceeds from bank borrowings	983,800	1,288,279	1,127,021	431,521	56,000
Repayment of bank borrowings	(630,000)	(1,134,800)	(1,009,900)	(317,070)	(370,200)
Interest paid	(23,315)	(29,994)	(24,283)	(10,042)	(11,599)
Deferred issue cost paid	–	–	(5,599)	–	(7,543)
Principal portion of lease payments paid	(12,269)	(14,465)	(10,850)	(4,819)	(5,352)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	1,507,522	(54,750)	(3,968)	19,233	(338,694)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	628,465	(579,091)	(91,899)	(53,282)	883,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	171,106	799,777	217,265	217,265	124,658
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	206	(3,421)	(708)	(621)	(5,349)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	799,777	217,265	124,658	163,362	1,002,631
ANALYSIS OF BANK BALANCES AND CASH					
Cash and cash equivalents	799,777	217,265	124,658	163,362	1,002,631
Time deposits	1,278,000	1,862,000	1,782,000	1,852,000	1,054,000
Bank balances and cash as stated in the consolidated statements of financial position	2,077,777	2,079,265	1,906,658	2,015,362	2,056,631

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets					
Property, plant and equipment	*16*	251,701	311,057	412,593	446,889
Right-of-use assets	*17*	26,601	33,042	32,364	30,713
Intangible assets	*18*	2,838	2,525	2,211	2,038
Prepayments	*24*	4,018	31,503	61,954	76,118
Equity instruments designated at FVTOCI	*20*	5,988	–	–	–
Investments in subsidiaries	*19*	103,301	339,859	29,789	29,789
Total non-current assets		394,447	717,986	538,911	585,547
Current assets					
Inventories	*22*	110,852	182,861	173,267	192,873
Trade and bills receivables	*23*	129,978	194,382	154,252	204,288
Other receivables, deposits and prepayments	*24*	316,471	335,803	687,009	616,723
Financial assets at FVTPL	*25*	85,034	–	–	375,576
Bank balances and cash	*26*	1,865,095	1,894,813	1,443,227	1,601,770
Total current assets		2,507,430	2,607,859	2,457,755	2,991,230
Current liabilities					
Trade and bills payables	*27*	152,832	204,056	284,347	305,230
Other payables and accruals	*28*	107,476	192,316	111,168	118,714
Contract liabilities		–	–	1,248	39,293
Bank borrowings	*29*	845,729	953,756	1,012,146	717,150
Lease liabilities	*30*	3,799	1,876	2,631	1,682
Total current liabilities		1,109,836	1,352,004	1,411,540	1,182,069
Net current assets		1,397,594	1,255,855	1,046,215	1,809,161
Total assets less current liabilities		1,792,041	1,973,841	1,585,126	2,394,708
Non-current liabilities					
Bank borrowings	*29*	–	44,351	84,000	83,500
Lease liabilities	*30*	1,249	7,894	6,837	5,716
Deferred income	*31*	68,150	301,655	366,560	531,373
Total non-current liabilities		69,399	353,900	457,397	620,589
Net assets		1,722,642	1,619,941	1,127,729	1,774,119
Equity					
Share capital	*32*	264,708	264,708	264,708	264,708
Reserves	*33*	1,457,934	1,355,233	863,021	1,509,411
Total equity		1,722,642	1,619,941	1,127,729	1,774,119

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Suzhou Zelgen Biopharmaceuticals Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") as a joint stock company with limited liability on 18 March 2009. The Company's A shares have been listed on Shanghai Stock Exchange since 23 January 2020. The addresses of the registered office of the Company and principal places of business of the Company are No. 209, Chenfeng Road, Kunshan, Jiangsu Province, PRC. In the opinion of the directors, during the Track Record Period and the six months ended 30 June 2025 and 2026, and up to the date of this report, the Company is ultimately controlled by Mr. Zelin Sheng and Mrs. Lu Huiping ("the "Controlling Shareholders").

The Company and its subsidiaries are principally engaged in research, development, production and sales of pharmaceutical products.

The Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Registered capital/total issued shares	Proportion of ownership interest attributable to the Company			Proportion of ownership interest attributable to the Company	Principal activities
			As at 31 December			As at 30 June	
			2023	2024	2025	2026	
Suzhou Zelgen Biotechnology Co., Ltd* ("Suzhou Zelgen") (蘇州澤璟生物技術有限公司) *(Note a)*	PRC 28 December 2009	RMB1,000,000	100.00%	100.00%	100.00%	100.00%	Research and development
Shanghai Zelgen Biotechnology Co., Ltd* ("Shanghai Zelgen") (上海澤璟醫藥技術有限公司) *(Note a)*	PRC 13 December 2013	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Research and development
Zhejiang Zelgen Biotechnology Co., Ltd* ("Zhejiang Zelgen") (澤璟製藥(浙江)有限公司) *(Note a)*	PRC 4 January 2021	RMB5,000,000	100.00%	100.00%	100.00%	100.00%	Research and development
Zelgen Holdings Limited ("Zelgen Holdings") (澤璟控股有限公司) *(Note b)*	Hong Kong 10 August 2018	10,000	100.00%	100.00%	100.00%	100.00%	Investment holding
Gensun Biopharma Inc. ("Gensun") *(Note c)*	The United States of America ("USA") 3 February 2016	5,888,838	55.74%	92.17%	100.00%	100.00%	Research and development

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

All companies comprising the Group have adopted 31 December as their financial year end date.

Notes:

(a) The statutory financial statements of these companies during the years ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles were audited by ShineWing Certified Public Accountants (Special General Partnership) registered in the PRC.

(b) The statutory financial statements of the company for the years ended 31 December 2023, 2024 and 2025 prepared under Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard were audited by General Accounting CPA Limited registered in the Hong Kong.

(c) No audited financial statements have been prepared for the company for the years ended 31 December 2023, 2024 and 2025 as it is not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdictions of incorporation or registration.

2. BASIS OF PREPARATION

The Historical Financial Information and Interim Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period and Interim Financial Information for the six months ended 30 June 2025 and 2026.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised in note 4. These policies have been consistently applied to all the reporting periods presented in the Historical Financial Information, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IAS 28:	*Fair Value Option for Investments In Associates And Joint Ventures*[4]

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[1] Effective for annual periods beginning on or after 1 January 2027

[2] Effective for annual periods beginning on or after a date to be determined

[3] Effective for annual periods beginning on or after 1 January 2029

[4] Applied concurrently with IFRS 18.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Other than IFRS 18, so far, the Group considers that IFRS 19 and other amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis except for equity instruments designated at FVTOCI and financial assets at FVTPL that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in capital reserve and attributed to owners of the Company.

Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group' performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The Group recognised revenue from the sales of pharmaceuticals products and product sales licensing.

Sales of goods

Revenue from the sale of pharmaceuticals products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceuticals products. The Group recognises revenue from the sale of pharmaceuticals products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Licensing revenue

The Group's licensing revenue may comprise multiple performance obligations, including grants of intellectual property licenses, commitments to provide research and development services, and other deliverables. In accounting for these arrangements, the Group exercises judgement in developing assumptions to determine the standalone selling price for each performance obligation identified in the contract.

When estimating the standalone selling price of a performance obligation, the Group takes into consideration competitor pricing for similar or identical products, market awareness and perception of the product, expected product lifecycle, and prevailing market trends. Generally, consideration allocated to each performance obligation is recognised when the respective obligation is satisfied upon transfer of control of the related good or service. The amount of variable consideration included in the transaction price is constrained to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Subsequent changes in variable consideration, including adjustments or reversals of previously recognised revenue for distribution authorization licenses, are recognised in profit or loss in the reporting period in which the change arises.

Non-refundable payments received prior to meeting all relevant revenue recognition criteria are recognised as contract liabilities.

Options to license intellectual property

Upfront non-refundable payments received for intellectual property options under collaboration agreements are assessed to determine whether such options confer a material right to the customer and constitute a distinct performance obligation separate from other promised goods or services in the arrangement. Where an option is identified as a distinct material right, the Group defers the portion of non-refundable upfront consideration allocated to such option as contract liabilities, and recognises the related revenue at a point in time at the earliest of (i) the date the customer exercises the option, (ii) the date the underlying licensed goods or services are transferred, or (iii) the expiry date of the option term. If the option does not grant a material right to the customer, the allocated upfront consideration is recognised in accordance with the revenue recognition policies applicable to the other distinct performance obligations in the contract.

Where the contractual exercise price equals the standalone selling price of the option with no embedded discount, no portion of upfront non-refundable consideration is allocated to the option. Consideration related to the option is only recognised when the separate exercise payment is received and the option is exercised or expires.

In addition, option exercise fees and standard option extension payments under collaboration arrangements are generally attributable to the intellectual property licence transferred upon exercise. Such consideration is recognised at a point in time when the option is duly exercised and control of the underlying intellectual property licence is transferred to the customer, subject to the constraint that it is highly probable that a significant reversal of cumulative recognised revenue will not occur.

Where an option extension payment entitles the customer to both (i) a prolonged exclusive option right, and (ii) the Group's obligation to provide continuous clinical research and development services throughout the extended term, the extension payment is allocated between the two distinct performance obligations based on their relative standalone selling prices. Consideration allocated to the extended exclusive option right is recognised as revenue at a point in time when the customer exercises the option or upon expiry of the option term, while consideration allocated to ongoing research and development services is recognised over time via an input method to measure the Group's performance progress on the relevant service obligation over the extension period.

Milestone payments

Milestone payments include development milestones, regulatory milestones and sales milestones.

At the inception of each arrangement that includes development and regulatory milestone payments, the Group evaluates whether the milestones are highly probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development activities may include initiation of various phases of clinical trials. Due to the uncertainty in meeting these development targets, such consideration is generally fully constrained at contract inception. The Group assesses whether the variable consideration remains fully constrained in each reporting period based on the facts and circumstances surrounding the clinical trials. Upon release of the constraint and where a significant reversal of recognised revenue is not expected, the adjusted milestone amounts are included in the transaction price and allocated to each separate performance obligation. Regulatory milestones are fully constrained until marketing approvals are obtained due to inherent uncertainties in the drug approval process, and the corresponding consideration is recognised in the transaction price in the reporting period when regulatory approval is secured.

Sales milestones, which are triggered by achieving specified sales volumes and relate predominantly to the licensed intellectual property, are accounted for in accordance with the royalty recognition policy set out below.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Research and Development Service Revenue

The Group enters into collaboration agreements to provide R&D services including preclinical research, clinical trial conduct, combination study execution, technical transfer and data delivery in connection with licensed compounds and products. The Group assesses whether R&D services are distinct performance obligations separate from intellectual property licenses on a contract-by-contract basis. For services that the customer can benefit from independently (or with readily available resources) and are separately identifiable from the license, they are accounted for as distinct performance obligations; otherwise, they are combined with the license as a single performance obligation.

Revenue from R&D services is recognised over time based on an input method reflecting the Group's progress towards full satisfaction of the service performance obligation, such as incurred full-time equivalent labour hours and completed research deliverables. Variable consideration tied to clinical progress milestones applicable to R&D activities is subject to the same constraint assessment policy as other milestone payments, and allocated to R&D service revenue once the constraint is released. Prepayments received for future R&D services before related service work is performed are recorded as contract liabilities.

Product sales licensing

The Group assesses whether the product sales licensing is distinct from the other performance obligations identified in the arrangements. For licenses determined to be distinct, the Group recognizes revenue from non-refundable, upfront payments allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is able to use and benefit from the license.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing remains outstanding after the related asset is ready for its intended use or sale is included in the general pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs as expenses for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Retirement benefits costs and termination benefits

Payments to defined contribution plans, state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest

in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

	Useful lives
Plant and buildings	10 to 40 years
Machinery and equipment	3 to 10 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in business combination with finite useful life are carried at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Research and development costs

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment loss in the statement of financial position of the Company.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated losses.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income and gains' line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and gains" line item.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets subject to impairment assessment under IFRS 9 Financial Instruments

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and bills receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken in to account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the 'other income and gains' line item in profit or loss.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets and intangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. Where an award is subject only to vesting conditions other than market conditions, failure to satisfy any one of the vesting conditions is treated as a forfeiture, the share-based payments previously recognised will be reversed to profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the Historical Financial Information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Research and development costs

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development costs in note 4 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Accrual of research and development costs

The Group relies on contract research organisations, clinical site management operators and clinical trial centres to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services.

Income taxes

As at 31 December 2023, 2024 and 2025, and 30 June 2026, no deferred tax asset has been recognised on the tax losses of RMB3,390,216,000, RMB3,572,199,000, RMB4,038,900,000 and RMB3,194,422,000 due to the unpredictability of future profit streams for the Company and its certain subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

Impairment of trade and bills receivables

The impairment provisions for trade and bills receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment loss to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2023, 2024 and 2025, and 30 June 2026, the carrying amounts of trade and bills receivables were approximately RMB101,140,000, RMB143,628,000, RMB154,252,000 and RMB204,288,000, respectively, net of allowance for impairment loss of approximately RMB5,323,000, RMB7,542,000, RMB7,959,000 and RMB10,752,000, respectively.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant of share options. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant dates, the Group uses a Black-Scholes option pricing model and Back-solved model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 34 to the Historical Financial Information.

6. REVENUE

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue from contracts with customers	383,557	531,529	810,188	375,542	1,204,390

Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Types of goods or services					
Sales of pharmaceuticals products	383,557	531,529	802,641	375,542	549,628
Licensing revenue	–	–	7,547	–	654,762
Total	383,557	531,529	810,188	375,542	1,204,390
Geographical markets					
Chinese Mainland	383,557	531,529	802,641	375,542	549,628
Other countries/regions	–	–	7,547	–	654,762
Total	383,557	531,529	810,188	375,542	1,204,390
Timing of revenue recognition					
At a point of time	383,557	531,529	810,188	375,542	1,195,581
Over time	–	–	–	–	8,809
	383,557	531,529	810,188	375,542	1,204,390

Performance obligations for contracts with customers

Information about the Group's performance obligations is summarised below:

Sale of goods

For the sales of pharmaceuticals products, the performance obligation is satisfied upon acceptance by the customers or delivery of the products.

Licensing revenue comprises income from product sales licensing, intellectual property licensing and research and development services.

Product sales licensing

During the year ended 31 December 2025, the Group entered into a license agreement with third party (the "Licensee A"), pursuant to which the Licensee A shall obtain exclusive licenses for commercialising certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a good or a service. The Group usually receives non-refundable upfront payments in accordance with the license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales of the related products in the territories.

Intellectual property licensing

During the six months ended 30 June 2026, the Group entered into license agreement with a third party (the"Licensee B"), pursuant to which the Licensee B shall obtain exclusive licenses for developing, manufacture, and commercializing certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service. The Group receives non-refundable upfront payments in accordance with license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales in the territories. For such intellectual property licenses determined to be a distinct performance obligation, revenue is recognised at the point in time when the license is transferred and the licensee is able to use and derive economic benefits from the license.

Research and development services

The Group enters into collaboration agreements to provide R&D services in connection with licensed compounds and products, including preclinical research, clinical trial conduct, combination study execution, technical transfer and data delivery.

In accordance with the accounting policy set out in Note 4, the Group assesses whether R&D services are distinct from intellectual property licenses on a contract-by-contract basis. Revenue from R&D services is recognised over time using an input method, measured by incurred full-time equivalent labour hours and completed research deliverables. Variable consideration tied to clinical progress milestones follows the same constraint assessment framework as other milestone payments. Prepayments for undelivered R&D services are recorded as contract liabilities.

Transaction price allocated to the remaining performance obligation for contracts with customers

The sales contracts and product sales licensing contract are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the goods sold or service provided. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

For licensing contracts with an original expected duration of more than one year, the practical expedients under IFRS 15 do not apply. As at 30 June 2026, the aggregate amount of the transaction price allocated to the remaining performance obligations under such contracts is RMB37,830,000, which is expected to be recognised within one year from the end of the reporting period.

Contract liabilities

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Advance received on sale of goods or provision of service from customers	–	–	1,248	39,293

The Group receives certain portions of contract consideration from customers upon the signing of sales contracts or licensing agreements, including under intellectual property ("IP") out-licensing arrangements. Such receipts are recognised as contract liabilities at contract inception when the Group has a corresponding obligation to transfer goods or grant licensed rights in exchange for the consideration received. Contract liabilities mainly represent unsatisfied performance obligations arising from pre-sales of the Group's pharmaceutical products, as well as upfront, milestone or other pre-received payments under IP out-licensing contracts for which the relevant licensed rights, clinical data packages, chemistry, manufacturing and controls technology packages or other required deliverables have not yet been transferred to the licensee. Contract liabilities are derecognised and reclassified to revenue when the Group transfers control of the underlying goods to customers for product sales, or satisfies the relevant performance obligations under IP out-licensing arrangements at the point in time when control of the licensed intellectual property and supporting deliverables is transferred to and accepted by the licensee.

As at 30 June 2026, contract assets of RMB8,809,000 recognised in respect of R&D services under the same out-licensing contract have been offset against the contract liabilities arising from the upfront payment under the contract, resulting in a net contract liability of RMB39,293,000.

Revenue amounting to RMB1,248,000 recognised during the six months ended 30 June 2026 was derived from opening contract liabilities.

7. SEGMENT INFORMATION

The Group is engaged in research, development, production and sales of pharmaceutical products which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

The Group's location of non-current assets are substantially in Chinese Mainland. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Non-current assets based on their locations are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Geographical region				
Chinese Mainland	325,765	407,271	515,764	564,270
USA	35,119	21,444	10,317	–
Total	360,884	428,715	526,081	564,270

Note: Non-current assets excluded equity instrument designated at FVTOCI.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group of the corresponding year are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Customer A	111,973	182,953	236,304	104,818	184,859
Customer B	139,082	165,543	259,369	128,926	153,363
Customer C	N/A*	N/A*	81,688	N/A*	N/A*
Customer D	–	–	–	–	662,309

* The revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the corresponding period.

8. OTHER INCOME AND GAINS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Bank interest income	39,355	58,288	55,125	28,161	27,944
Government grants*	81,455	35,801	49,691	27,082	21,252
Gain on derecognition of financial assets at FVTPL	3,694	812	359	–	1,981
Gain from changes in fair value of financial assets at FVTPL	10,991	6,046	841	801	576
Sales of pharmaceutical intermediates and raw materials	2,805	1,333	273	93	943
Others	80	96	24	16	26
Total	138,380	102,376	106,313	56,153	52,722

* Government grants consist of (i) subsidized grants specifically for the capital expenditure related to the purchase of plant and machinery, which is recognised over the useful life of related assets; (ii) incentive and subsidies for R&D activities and others, which are recognised upon compliance with certain conditions; and (iii) incentive which has no specific conditions attached to the grants.

9. OTHER EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Exchange loss, net	30	13	901	46	12,156
Loss on disposal and write off of property, plant and equipment	280	–	–	–	2
Donation	1,010	–	5	–	77
Cost of sales of pharmaceutical intermediates and raw materials	984	2,690	126	37	130
Impairment losses on trade and bills receivables	640	2,219	417	1,689	2,793
Impairment losses recognised/(reversed) on other receivables and deposits	980	1,540	(299)	49	30
Bank charges	135	205	382	216	273
Others	35	32	637	688	(55)
Total	4,094	6,699	2,169	2,725	15,406

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Interest on bank borrowings	22,553	26,839	23,411	13,480	11,017
Interest on lease liabilities	1,764	2,054	790	392	286
Total	24,317	28,893	24,201	13,872	11,303

11. INCOME TAX CREDIT

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Current tax					
Charge for the year	80	47	476	172	246
Overprovision in prior years	(84)	(813)	(7)	(7)	–
Deferred tax credit *(note 21)*	(3,946)	(3,983)	(3,997)	(2,010)	(1,611)
Total	(3,950)	(4,749)	(3,528)	(1,845)	(1,365)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the subsidiaries of the Group are domiciled and/or operate.

Chinese Mainland

The Company were eligible for a preferential income tax rate of 15% for a qualification of "High and New Technology Enterprise" during the Track Record Period and the six months ended 30 June 2025 and 2026.

The Company's subsidiary, Zhejiang Zelgen was eligible for a preferential income tax rate of 20% for a qualification of "Small and Low-profit Enterprises" during the Track Record Period and the six months ended 30 June 2025 and 2026. The Company's subsidiaries, Suzhou Zelgen and Shanghai Zelgen were eligible for a preferential income tax rate of 20% for a qualification of "Small and Low-profit Enterprises" during the year ended 31 December 2023 and 2024.

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year. The State Taxation Administration of The People's Republic of China ("STA") further announced in March 2021 that manufacturing enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses ("Accelerated Deduction") since 1 January 2021. The STA further announced in March 2023 that eligible enterprises would entitle to claim 200% of their research and development expenses ("Additional Deduction") since 1 January 2023. The Group has made its best estimate for the Accelerated Deduction and Additional Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period and the six months ended 30 June 2025 and 2026.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong profits tax were provided for as the Group did not generate any assessable profits arising in Hong Kong during the Track Record Period and the six months ended 30 June 2025 and 2026.

USA

The subsidiary incorporated in USA is subject to federal income tax at 21% and state and local income taxes (generally ranges from 1% to 12%) where it operates.

The income tax credit for the Track Record Period and the six months ended 30 June 2025 and 2026 can be reconciled to the loss/profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit before tax	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Tax at the domestic income tax rate of 25%	(74,771)	(38,762)	(42,164)	(17,484)	159,661
Tax effect of different tax rates of subsidiaries	23,563	7,844	10,812	2,375	(64,888)
Overprovision in respect of prior years	(84)	(813)	(7)	(7)	–
Tax effect of non-deductible expenses	262	822	2,673	8,678	1,875
Tax effect of utilisation of deductible temporary differences not recognised	–	–	–	–	(99,779)
Deductible temporary differences and tax losses not recognised	112,658	62,885	79,633	28,260	28,300
Additional cost deduction for qualified research and development expenses	(65,578)	(36,725)	(54,475)	(23,667)	(26,534)
Income tax credit	(3,950)	(4,749)	(3,528)	(1,845)	(1,365)

12. LOSS/PROFIT BEFORE TAX

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit before tax has been arrived at after charging (crediting):					
Directors' emoluments (excluded share-based payments)	10,795	11,128	9,958	4,068	4,026
Other staffs' salaries	269,297	269,954	310,108	156,889	186,698
Other staffs' retirement benefit scheme contributions	20,995	23,545	26,805	12,216	14,190
Share-based payments expense	2,534	1,617	2,132	2,132	–
Reversal of share-based payments expense	(36,683)	–	–	–	–
Total staff costs	266,938	306,244	349,003	175,305	204,914
Cost of inventories sold	28,209	34,278	77,508	15,489	22,694
Auditor's remuneration	880	880	980	–	462
[**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Write-down of inventories	–	–	5,644	3,358	5,321
Expense relating to short-term leases	1,320	1,405	1,890	903	778
Depreciation of property, plant and equipment	33,375	33,258	33,400	17,328	12,509
Depreciation of right-of-use assets	12,169	12,900	8,463	4,854	4,290
Amortisation of intangible assets	13,687	14,046	13,742	6,995	5,565

13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors', chief executive's and supervisors' emoluments

Details of the emoluments paid to the individuals including emoluments for services as senior management of the group entities prior to becoming the directors of the Company, during the Track Record Period and the six months ended 30 June 2025 and 2026 are as follows:

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2023					
Executive director:					
Mr. Sheng Zelin	–	2,759	–	(7,476)	(4,717)
Ms. Lu Huiping	–	1,603	70	(1,191)	482
Mr. Lyu Binhua	–	1,986	70	(711)	1,345
Mr. Wu Jisheng	–	2,350	–	(521)	1,829
	–	8,698	140	(9,899)	(1,061)
Non-executive director:					
Mr. Zhang Mengheng	–	–	–	–	–
Ms. Li Deyu	–	–	–	–	–
	–	–	–	–	–
Independent non-executive director:					
Mr. He Ruyi	264	–	–	–	264
Mr. Zhang Binghui	132	–	–	–	132
Mr. Huang Fanzhi	132	–	–	–	132
	528	–	–	–	528
Supervisors					
Mr. Yi Bihui	–	486	42	–	528
Mr. Zhang Junchao	–	592	44	–	636
Mr. Ren Yuanqi	–	237	28	–	265
	–	1,315	114	–	1,429
	528	10,013	254	(9,899)	896

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2024				
Executive director:				
Mr. Sheng Zelin	–	2,888	–	2,888
Ms. Lu Huiping	–	1,678	73	1,751
Mr. Lyu Binhua	–	2,081	73	2,154
Mr. Wu Jisheng	–	2,350	–	2,350
	–	8,997	146	9,143
Non-executive director:				
Mr. Zhang Mengheng	–	–	–	–
Ms. Li Deyu	–	–	–	–
	–	–	–	–
Independent non-executive director:				
Mr. He Ruyi	264	–	–	264
Mr. Zhang Binghui	132	–	–	132
Mr. Huang Fanzhi	132	–	–	132
	528	–	–	528
Supervisors				
Mr. Yi Bihui	–	493	43	536
Mr. Zhang Junchao	–	607	44	651
Mr. Ren Yuanqi	–	242	28	270
	–	1,342	115	1,457
	528	10,339	261	11,128

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2025				
Executive director:				
Mr. Sheng Zelin	–	3,352	–	3,352
Ms. Lu Huiping	–	1,854	73	1,927
Mr. Lyu Binhua	–	2,350	73	2,423
Mr. Wu Jisheng *(Note ii)*	–	485	–	485
	–	8,041	146	8,187
Non-executive director:				
Ms. Li Deyu	–	–	–	–
Mr. Yi Bihui *(Note i)*	–	362	28	390
Mr. Zhang Junchao *(Note i)*	–	391	29	420
Mr. Zhang Mengheng *(Note ii)*	–	–	–	–
	–	753	57	810
Independent non-executive director:				
Mr. Cheng Zengjiang *(Note iii)*	83	–	–	83
Ms. Guan Yamei *(Note iii)*	83	–	–	83
Mr. Guo Bing *(Note iv)*	7	–	–	7
Mr. Yuan Hongchang *(Note vi)*	83	–	–	83
Mr. He Ruyi *(Note v)*	99	–	–	99
Mr. Zhang Binghui *(Note v)*	50	–	–	50
Mr. Huang Fanzhi *(Note v)*	50	–	–	50
	455	–	–	455
Supervisors				
Mr. Yi Bihui *(Note i)*	–	169	17	186
Mr. Zhang Junchao *(Note i)*	–	209	17	226
Mr. Ren Yuanqi *(Note vii)*	–	83	11	94
	–	461	45	506
	455	9,255	248	9,958

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
For the six month ended 30 June 2025 (Unaudited)				
Mr. Sheng Zelin	–	1,075	–	1,075
Ms. Lu Huiping	–	563	37	600
Mr. Lyu Binhua	–	997	37	1,034
Mr. Wu Jisheng *(Note ii)*	–	485	–	485
	–	3,120	74	3,194
Non-executive director				
Ms. Li Deyu	–	–	–	–
Mr. Yi Bihui *(Note i)*	–	58	6	64
Mr. Zhang Junchao *(Note i)*	–	70	6	76
Mr. Zhang Mengheng *(Note ii)*	–	–	–	–
	–	128	12	140
Independent non-executive director:				
Mr. Cheng Zengjiang *(Note iii)*	17	–	–	17
Ms. Guan Yamei *(Note iii)*	17	–	–	17
Mr. Yuan Hongchang *(Note vi)*	17	–	–	17
Mr. He Ruyi *(Note v)*	99	–	–	99
Mr. Zhang Binghui *(Note v)*	50	–	–	50
Mr. Huang Fanzhi *(Note v)*	50	–	–	50
	250	–	–	250
Supervisors				
Mr. Yi Bihui *(Note i)*	–	169	17	186
Mr. Zhang Junchao *(Note i)*	–	209	17	226
Mr. Ren Yuanqi *(Note vii)*	–	61	11	72
	–	439	45	484
	250	3,687	131	4,068

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
For the six month ended 30 June 2026				
Executive director:				
Mr. Sheng Zelin	–	1,362	–	1,362
Ms. Lu Huiping	–	747	37	784
Mr. Lyu Binhua	–	1,064	37	1,101
	–	3,173	74	3,247
Non-executive director				
Ms. Li Deyu	–	–	–	–
Mr. Yi Bihui *(Note i)*	–	246	24	270
Mr. Zhang Junchao *(Note i)*		286	25	311
	–	532	49	581
Independent non-executive director:				
Mr. Cheng Zengjiang *(Note iii)*	66	–	–	66
Ms. Guan Yamei *(Note iii)*	66	–	–	66
Mr. Guo Bing *(Note iv)*	66	–	–	66
	198	–	–	198
	198	3,705	123	4,026

Notes:

(i) Mr. Yi Bihui and Mr. Zhang Junchao resigned as supervisors on 16 May 2025 and were appointed as non-executive directors on 16 May 2025.

(ii) Mr. Wu Jisheng and Mr. Zhang Mengheng resigned as an executive director and a non-executive director, respectively, on 16 May 2025.

(iii) Mr. Cheng Zengjiang and Ms. Guan Yamei were appointed as independent non-executive directors on 16 May 2025.

(iv) Mr. Guobing was appointed as an independent non-executive director on 12 December 2025.

(v) Mr. He Ruyi, Mr. Zhang Binghui and Mr. Huang Fanzhi resigned as independent non-executive directors on 16 May 2025.

(vi) Mr.Yuan Hongchang was appointed as an independent non-executive director on 16 May 2025 and resigned as independent non-executive director on 12 December 2025.

(vii) Mr. Ren Yuanqi resigned as a supervisor on 16 May 2025.

Performance related bonuses are determined based on the Group's performance and performance of the relevant individual within the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were mainly for their services as non-executive directors and independent non-executive directors of the Company.

Mr. Sheng Zelin is also the Chief Executive of the Company and his remuneration disclosed above includes those for services rendered by him as the Chief Executive.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period and the six months ended 30 June 2025 and 2026.

(b) Five highest paid employees

The five highest paid individuals of the Group included 2, 2, 2, 2 and 2 directors whose emoluments for the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, respectively are included in the disclosure above. The remuneration of the remaining 3, 3, 3, 3 and 3 individuals during the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, respectively were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Salaries, bonuses and other allowances	8,715	8,656	8,697	3,008	3,771
Retirement benefit scheme contributions	205	145	220	110	74
	8,920	8,801	8,917	3,118	3,845

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	No. of employees	No. of employees	No. of employees	No. of employees *(Unaudited)*	No. of employees *(Unaudited)*
HKD1,000,001 to HKD1,500,000	–	–	–	2	2
HKD1,500,001 to HKD2,000,000	–	–	–	1	1
HKD2,000,001 to HKD2,500,000	–	–	–	–	–
HKD2,500,001 to HKD3,000,000	2	2	2	–	–
HKD4,000,001 to HKD4,500,000	1	1	1	–	–
	3	3	3	3	3

During the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, no emolument was paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period and the six months ended 30 June 2025 and 2026.

15. LOSS/EARNING PER SHARE

The calculations of the basic and diluted loss/earning per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit					
(Loss)/profit for the year/period attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earning per share (RMB'000)	(278,583)	(137,831)	(162,946)	(65,908)	640,010
Number of shares					
Weighted average number of ordinary shares in issue used in the basic and diluted loss/earning per share calculations	257,208,632	264,708,186	264,708,186	264,708,186	264,708,186

Basic loss/earning per share is calculated by dividing the loss/profit for the year/period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period and the six months ended 30 June 2025 and 2026.

The calculation of the diluted loss/earning per share is based on the loss/profit for the year/period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation of the diluted loss/earning per share is the weighted average number of ordinary shares outstanding during the Track Record Period and the six months ended 30 June 2025 and 2026, as used in the calculation of the basic loss/earning per share.

No adjustment has been made to the basic loss/earning per share amounts presented for the Track Record Periods and the six months ended 30 June 2025 in respect of a dilution as the assumed exercise of the Company's outstanding share options would result in a decrease in loss/earning per share.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2023	41,933	199,438	6,765	1,511	30,127	86,673	366,447
Additions	–	5,147	4,006	240	1,009	49,154	59,556
Disposals and write-off	–	(5,929)	(321)	(475)	–	–	(6,725)
Exchange adjustment	–	944	71	–	–	–	1,015
At 31 December 2023	41,933	199,600	10,521	1,276	31,136	135,827	420,293
Additions	–	3,389	4	–	730	85,993	90,116
Transfer from construction in progress	108,809	17,160	–	–	–	(125,969)	–
Exchange adjustment	–	88	2	–	–	–	90
At 31 December 2024	150,742	220,237	10,527	1,276	31,866	95,851	510,499
Additions	–	6,960	293	235	216	124,832	132,536
Transfer from construction in progress	3,080	–	–	–	–	(3,080)	–
Exchange adjustment	–	(133)	(3)	–	–	–	(136)
At 31 December 2025	153,822	227,064	10,817	1,511	32,082	217,603	642,899
Additions	–	42,029	70	730	–	3,738	46,567
Disposals	–	(5,932)	(110)	–	–	–	(6,042)
Transfer from construction in progress	203,412	15,829	–	–	–	(219,241)	–
Exchange adjustment	–	(181)	(6)	–	–	–	(187)
At 30 June 2026 *(Unaudited)*	357,234	278,809	10,771	2,241	32,082	2,100	683,237
DEPRECIATION							
At 1 January 2023	10,845	105,828	2,323	1,156	9,169	–	129,321
Provided for the year	1,985	24,776	914	123	5,577	–	33,375
Disposals and write-off	–	(1,925)	(249)	(451)	–	–	(2,625)
Exchange adjustment	–	54	1	–	–	–	55
At 31 December 2023	12,830	128,733	2,989	828	14,746	–	160,126
Provided for the year	6,788	19,921	667	155	5,727	–	33,258
Exchange adjustment	–	74	1	–	–	–	75
At 31 December 2024	19,618	148,728	3,657	983	20,473	–	193,459
Provided for the year	8,238	18,103	1,324	106	5,629	–	33,400
Exchange adjustment	–	(121)	(2)	–	–	–	(123)
At 31 December 2025	27,856	166,710	4,979	1,089	26,102	–	226,736
Provided for the period	4,149	5,943	278	38	2,101	–	12,509
Disposals	–	(5,913)	(96)	–	–	–	(6,009)
Exchange adjustment	–	(181)	(4)	–	–	–	(185)
At 30 June 2026 *(Unaudited)*	32,005	166,559	5,157	1,127	28,203	–	233,051
CARRYING VALUES							
At 31 December 2023	29,103	70,867	7,532	448	16,390	135,827	260,167
At 31 December 2024	131,124	71,509	6,870	293	11,393	95,851	317,040
At 31 December 2025	125,966	60,354	5,838	422	5,980	217,603	416,163
At 30 June 2026 *(Unaudited)*	325,229	112,250	5,614	1,114	3,879	2,100	450,186

The Company

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2023	41,933	191,554	6,468	1,037	20,333	86,673	347,998
Additions	–	5,147	3,988	61	1,009	49,154	59,359
Disposals and write-off	–	(3,009)	(162)	(475)	–	–	(3,646)
At 31 December 2023	41,933	193,692	10,294	623	21,342	135,827	403,711
Additions	–	3,389	4	–	730	85,993	90,116
Transfer from construction in progress	108,809	17,160	–	–	–	(125,969)	–
At 31 December 2024	150,742	214,241	10,298	623	22,072	95,851	493,827
Additions	–	6,960	282	235	216	124,832	132,525
Transfer from construction in progress	3,080	–	–	–	–	(3,080)	–
At 31 December 2025	153,822	221,201	10,580	858	22,288	217,603	626,352
Additions	–	42,029	70	14	–	3,738	45,851
Disposals	–	(268)	(1)	–	–	–	(269)
Transfer from construction in progress	203,412	15,829	–	–	–	(219,241)	–
At 30 June 2026 *(Unaudited)*	357,234	278,791	10,649	872	22,288	2,100	671,934
DEPRECIATION							
At 1 January 2023	10,845	99,815	2,116	938	8,360	–	122,074
Provided for the year	1,985	25,030	864	22	3,717	–	31,618
Disposals and write-off	–	(1,082)	(149)	(451)	–	–	(1,682)
At 31 December 2023	12,830	123,763	2,831	509	12,077	–	152,010
Provided for the year	6,788	19,442	631	31	3,868	–	30,760
At 31 December 2024	19,618	143,205	3,462	540	15,945	–	182,770
Provided for the year	8,238	17,649	1,313	19	3,770	–	30,989
At 31 December 2025	27,856	160,854	4,775	559	19,715	–	213,759
Provided for the period	4,149	5,942	267	11	1,173	–	11,542
Disposals	–	(255)	(1)	–	–	–	(256)
At 30 June 2026 *(Unaudited)*	32,005	166,541	5,041	570	20,888	–	225,045
CARRYING VALUES							
At 31 December 2023	29,103	69,929	7,463	114	9,265	135,827	251,701
At 31 December 2024	131,124	71,036	6,836	83	6,127	95,851	311,057
At 31 December 2025	125,966	60,347	5,805	299	2,573	217,603	412,593
At 30 June 2026 *(Unaudited)*	325,229	112,250	5,608	302	1,400	2,100	446,889

17. RIGHT-OF-USE ASSETS

The Group

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	27,969	70,615	98,584
Additions	–	1,512	1,512
Lease modification	–	(3,488)	(3,488)
At 31 December 2023	27,969	68,639	96,608
Additions	–	9,902	9,902

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024	27,969	78,541	106,510
Additions	–	2,614	2,614
Lease modification	–	(10,634)	(10,634)
Termination of leases	–	(1,627)	(1,627)
At 31 December 2025	27,969	68,894	96,863
Additions	–	30	30
At 30 June 2026 *(Unaudited)*	27,969	68,924	96,893
DEPRECIATION			
At 1 January 2023	2,800	20,387	23,187
Provided for the year	785	11,384	12,169
At 31 December 2023	3,585	31,771	35,356
Provided for the year	785	12,115	12,900
At 31 December 2024	4,370	43,886	48,256
Provided for the year	785	7,678	8,463
Termination of leases	–	(44)	(44)
At 31 December 2025	5,155	51,520	56,675
Provided for the period	393	3,897	4,290
At 30 June 2026 *(Unaudited)*	5,548	55,417	60,965
CARRYING VALUES			
At 31 December 2023	24,384	36,868	61,252
At 31 December 2024	23,599	34,655	58,254
At 31 December 2025	22,814	17,374	40,188
At 30 June 2026 *(Unaudited)*	22,421	13,507	35,928

The Company

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	27,969	8,847	36,816
Additions	–	1,486	1,486
At 31 December 2023	27,969	10,333	38,302
Additions	–	9,879	9,879
At 31 December 2024	27,969	20,212	48,181
Additions	–	2,614	2,614
Termination of leases	–	(88)	(88)
At 31 December 2025	27,969	22,738	50,707
Additions	–	30	30
At 30 June 2026 *(Unaudited)*	27,969	22,768	50,737
DEPRECIATION			
At 1 January 2023	2,800	5,323	8,123
Provided for the year	785	2,793	3,578
At 31 December 2023	3,585	8,116	11,701
Provided for the year	785	2,653	3,438
At 31 December 2024	4,370	10,769	15,139
Provided for the year	785	2,463	3,248
Termination of leases	–	(44)	(44)
At 31 December 2025	5,155	13,188	18,343
Provided for the period	393	1,288	1,681
At 30 June 2026 *(Unaudited)*	5,548	14,476	20,024

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING VALUES			
At 31 December 2023	24,384	2,217	26,601
At 31 December 2024	23,599	9,443	33,042
At 31 December 2025	22,814	9,550	32,364
At 30 June 2026 *(Unaudited)*	22,421	8,292	30,713

18. INTANGIBLE ASSETS

The Group

	Software	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	1,546	139,982	141,528
Additions	1,811	–	1,811
Exchange adjustment	–	1,716	1,716
At 31 December 2023	3,357	141,698	145,055
Additions	30	–	30
Exchange adjustment	–	1,536	1,536
At 31 December 2024	3,387	143,234	146,621
Additions	31	–	31
Exchange adjustment	–	(2,319)	(2,319)
At 31 December 2025	3,418	140,915	144,333
Exchange adjustment	–	(3,166)	(3,166)
At 30 June 2026 *(Unaudited)*	3,418	137,749	141,167
AMORTISATION			
At 1 January 2023	334	94,640	94,974
Provided for the year	185	13,502	13,687
Exchange adjustment	–	947	947
At 31 December 2023	519	109,089	109,608
Provided for the year	343	13,703	14,046
Exchange adjustment	–	1,049	1,049
At 31 December 2024	862	123,841	124,703
Provided for the year	345	13,397	13,742
Exchange adjustment	–	(1,888)	(1,888)
At 31 December 2025	1,207	135,350	136,557
Provided for the period	173	5,392	5,565
Exchange adjustment	–	(2,993)	(2,993)
At 30 June 2026 *(Unaudited)*	1,380	137,749	139,129
CARRYING VALUES			
At 31 December 2023	2,838	32,609	35,447
At 31 December 2024	2,525	19,393	21,918
At 31 December 2025	2,211	5,565	7,776
At 30 June 2026 *(Unaudited)*	2,038	–	2,038

The Company

	Software	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023 and 31 December 2023	3,357	38,800	42,157
Additions	30	–	30
At 31 December 2024	3,387	38,800	42,187
Additions	31	–	31
At 31 December 2025 and 30 June 2026 (Unaudited)	3,418	38,800	42,218
AMORTISATION			
At 1 January 2023	334	38,800	39,134
Provided for the year	185	–	185
At 31 December 2023	519	38,800	39,319
Provided for the year	343	–	343
At 31 December 2024	862	38,800	39,662
Provided for the year	345	–	345
At 31 December 2025	1,207	38,800	40,007
Provided for the period	173	–	173
At 30 June 2026 (Unaudited)	1,380	38,800	40,180
CARRYING VALUES			
At 31 December 2023	2,838	–	2,838
At 31 December 2024	2,525	–	2,525
At 31 December 2025	2,211	–	2,211
At 30 June 2026 (Unaudited)	2,038	–	2,038

The useful lives are as follows:

Software	3 years to 10 years
Non-patent technology	5 years to 15 years

19. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cost of investments	103,301	339,859	339,859	339,859
Impairment losses recognized	–	–	(310,070)	(310,070)
	103,301	339,859	29,789	29,789

20. EQUITY INSTRUMENT DESIGNATED AT FVTOCI

Equity instrument designated at FVTOCI represents the Group's equity interest in an unlisted entity established in the PRC. The management of the Company have elected to designate the investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in fair value of this investment in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purpose and realising their performance potential in the long run. The fair value of equity instrument as at FVTOCI was written down to zero during the year ended 31 December 2024 as the investee has been suffering from continuous losses. For the details of fair value measurement of the equity instrument designated at FVTOCI, please refer to note 37(c).

21. DEFERRED TAXATION

The Group

The deferred tax liabilities recognised by the Group and movements thereon during the Track Record Period and the six months ended 30 June 2026 are as follows:

	Fair value adjustment arising from business combination
	RMB'000 *(Unaudited)*
At 1 January 2023	13,322
Credit to profit or loss for the year	(3,946)
Exchange adjustment	207
At 31 December 2023	9,583
Credit to profit or loss for the year	(3,983)
Exchange adjustment	101
At 31 December 2024	5,701
Credit to profit or loss for the year	(3,997)
Exchange adjustment	(64)
At 31 December 2025	1,640
Credit to profit or loss for the period	(1,611)
Exchange adjustment	(29)
At 30 June 2026	–

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences as they have arisen from the subsidiaries that have been loss-making for a certain period of time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses could be utilised.

As at 31 December 2023, 2024, 2025, and 30 June 2026, the Group has deductible temporary differences of RMB56,604,000, RMB264,151,000, RMB292,405,000 and RMB469,554,000, respectively. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2023, 2024, 2025, and 30 June 2026, the Group has unused tax losses available for offset against future profits, no deferred tax asset has been recognised due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the follow years/period:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
2023	–	–	–	–
2024	205	–	–	–
2025	1,540	1,540	–	–
2026	2,616	2,616	2,616	–
2027	39,500	39,500	39,500	5,981
2028	212,090	211,620	211,650	7,371
2029	386,971	387,943	387,913	942
2030	533,854	533,854	534,075	502,132
2031	796,995	796,995	796,995	798,611
2032	713,571	713,571	713,571	713,571
2033	608,292	608,292	608,292	608,292
2034	–	146,745	146,745	146,745
2035 and beyond	94,582	129,523	597,543	410,777
	3,390,216	3,572,199	4,038,900	3,194,422

22. INVENTORIES

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Raw materials for production purpose	38,304	86,634	90,863	72,301
Raw materials for research purpose	53,883	46,523	40,379	87,633
Work in progress	2,037	20,629	11,375	17,694
Finished goods	6,535	19,954	28,902	13,646
Turnover materials	10,093	8,984	1,748	1,532
Others	–	137	–	67
	110,852	182,861	173,267	192,873

The movements in provision for impairment of inventories are as follows:

	As at 31 December	As at 30 June
	2025	2026
	RMB'000	*RMB'000 (Unaudited)*
At the beginning of the year/period	–	–
Impairment losses recognised	(5,644)	(5,321)
Write off of inventories	3,499	–
Transfer to cost of sales upon sale of goods	2,145	–
At the end of the year/period	–	(5,321)

Impairment recognised in the year ended 31 December 2025 arose from finished goods produced for regulatory listing compliance purposes. Such inventories expired after prolonged storage and had nil net realisable value.

Impairment recognised in the six months ended 30 June 2026 arose from certain raw materials and finished goods produced for regulatory listing compliance purposes. The inventories expired with no alternative use and nil net realisable value.

23. TRADE AND BILLS RECEIVABLES

The Group

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade receivables	*(a)*	106,463	150,847	159,182	215,033
Bills receivables	*(b)*	–	323	3,029	7
Less: Expected credit losses		(5,323)	(7,542)	(7,959)	(10,752)
		101,140	143,628	154,252	204,288

The Company

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade receivables	*(a)*	135,301	201,601	216,154	272,005
Bills receivables	*(b)*	–	323	3,029	7
Less: Expected credit losses		(5,323)	(7,542)	(64,931)	(67,724)
		129,978	194,382	154,252	204,288

The Group and the Company generally allow credit period ranging from 30 to 90 days, depending on the specific payment terms stipulated in each contract. The Group and the Company seek to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group and the Company do not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group

As at 31 December 2023, 2024, 2025, and 30 June 2026, The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	101,140	143,628	154,252	204,288

The Company

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	129,978	194,382	154,252	204,288

(a) The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the Track Record Period and the six months ended 30 June 2025 and 2026.

The Group

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the aging of customers collectively that are not individually significant as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Weighted average expected loss rate	5.0%	5.0%	5.0%	5.0%
Gross carrying amount	106,463	150,847	159,182	215,033
Credit loss allowance	5,323	7,542	7,959	10,752

There has been no material change in historical default payment history and no significant change in forward looking factors during the Track Record Period and the six months ended 30 June 2025 and 2026, the weighted average expected credit loss rates are the same across all the time bands during the Track Record Period and the six months ended 30 June 2025 and 2026.

The Company

The Company recognised lifetime ECL for trade receivables based on individually significant customer or the aging of customers collectively that are not individually significant as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Weighted average expected loss rate	3.9%	3.7%	30.0%	24.9%
Gross carrying amount	135,301	201,601	216,154	272,005
Credit loss allowance	5,323	7,542	64,931	67,724

(b) All the bills receivables are with a maturity period of less than 6 months.

The carrying amounts of the bills receivables include receivables which are transferred to banks or suppliers by discounting or endorsing those receivables on a full recourse basis. Under these arrangements, the Group and the Company have not transferred the significant risks and rewards relating to these receivables, including the default risk of discounting and endorsing bills. The Group and the Company therefore continue to recognise the transferred the discounted and endorsed bills in their entirety and related liabilities.

As at 31 December 2025, bills receivables of RMB19,000,000 were discounted to banks on a full recourse basis (note 29).

(c) The movements in the allowance for impairment of trade and bills receivables of the Group and the Company are set out below:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	4,683	5,323	7,542	7,959
Impairment losses recognised	640	2,219	417	2,793
At the end of the year/period	5,323	7,542	7,959	10,752

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	4,683	5,323	7,542	64,931
Impairment losses recognised	640	2,219	57,389	2,793
At the end of the year/period	5,323	7,542	64,931	67,724

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current				
Prepaid technical service fee	–	27,621	58,328	62,801
Prepayments on construction and acquisition of property, plant and equipment	4,018	3,882	3,626	13,317
	4,018	31,503	61,954	76,118
Current				
Prepayments to suppliers	46,251	41,282	44,992	63,882
Deposits	11,694	11,687	11,748	8,546
Interest receivable	31,863	74,413	124,523	37,504
Staff advances	120	60	40	84
Deferred and prepaid issue costs	–	–	15,520	17,029
Value-added tax credit refund	4,538	4,567	13,524	6,512
Other receivables	1,377	1,470	2,116	2,609
Less: Expected credit losses	(2,295)	(3,835)	(3,535)	(3,565)
	93,548	129,644	208,928	132,601

The movements in the loss allowance for expected credit losses of other receivables and deposits are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	1,315	2,295	3,835	3,535
Impairment losses recognised (reversed)	980	1,540	(299)	30
Write off	–	–	(1)	–
At the end of the year/period	2,295	3,835	3,535	3,565

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current				
Prepaid technical service fee	–	27,621	58,328	62,801
Prepayment on construction and acquisition of property, plant and equipment	4,018	3,882	3,626	13,317
	4,018	31,503	61,954	76,118
Current				
Prepayments to suppliers	46,251	41,279	44,955	63,870
Deposits	8,881	8,874	8,935	5,734
Interest receivable	28,103	64,762	96,013	26,027
Staff advances	120	60	40	85
Deferred issue costs	–	–	15,520	17,029
Value-added tax credit refund	4,168	3,587	12,093	4,910
Amounts due from related parties *(note)*	228,495	216,863	508,159	497,315
Others	1,339	1,396	2,015	2,505
Less: Expected credit losses	(886)	(1,018)	(721)	(752)
	316,471	335,803	687,009	616,723

Note: The balances mainly represented interest-free loans granted to the subsidiaries, which were unsecured and repayable on demand.

The movements in the loss allowance for expected credit losses of other receivables and deposits are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	750	886	1,018	721
Impairment losses recognised (reversed)	136	132	(297)	31
At the end of the year/period	886	1,018	721	752

25. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Debt investments	3,485	40,501	–	–
Wealth management plans	133,534	–	–	375,576
	137,019	40,501	–	375,576

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Wealth management plans	85,034	–	–	375,576

The Group invested in financial products managed by banks in the Chinese Mainland which can be redeemed at any time or at maturity, and US Treasuries Bills issued by United States Federal Government. There is no predetermined or guaranteed return for each product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9.

26. BANK BALANCES AND CASH

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cash and bank balances	799,777	217,265	124,658	1,002,631
Non-pledged time deposits	1,278,000	1,862,000	1,782,000	1,054,000
	2,077,777	2,079,265	1,906,658	2,056,631
Denominated in				
RMB	2,072,543	2,072,531	1,892,811	1,919,671
United States dollars ("USD")	5,234	6,734	13,847	136,960
	2,077,777	2,079,265	1,906,658	2,056,631

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cash and bank balances	717,095	202,813	90,227	761,770
Non-pledged time deposits	1,148,000	1,692,000	1,353,000	840,000
	1,865,095	1,894,813	1,443,227	1,601,770
Denominated in				
RMB	1,864,926	1,894,742	1,443,169	1,475,143
USD	169	71	58	126,627
	1,865,095	1,894,813	1,443,227	1,601,770

The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

Non-pledged time deposits represent time deposits with original maturity of over three months, resulting in the time deposits no longer meeting the definition of cash and cash equivalents in the consolidated statement of cash flow.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the internal credit rating of time deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the time deposits and cash and cash equivalents and considered its credit risks have not increased significantly since initial recognition. The Group has measured the impairment based on the 12-month ECL, and has assessed that the expected credit losses are immaterial.

27. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade payables	123,719	157,523	208,385	228,984
Bills payables	–	10,208	22,469	39,224
	123,719	167,731	230,854	268,208

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade payables *(note a)*	152,832	193,848	242,878	266,006
Bills payables *(note b)*	–	10,208	41,469	39,224
	152,832	204,056	284,347	305,230

Notes:

(a): Included in the balances are payables due to subsidiaries of RMB29,401,000, RMB36,744,000, RMB34,555,000 and RMB37,130,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, which are interest-free and repayable on demand.

(b): Included in the balance as at 31 December 2025 are bills payable issued to a subsidiary of RMB19,000,000.

The trade and bills payables of the Group and the Company are non-interest-bearing and are normally settled ranged from 30 days to 180 days. The fair value of trade and bills payables approximates to their carrying amount.

The following is an aged analysis of trade and bills payables presented based on the date of service provided and date of goods acceptance at the end of each reporting period.

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	91,181	110,281	185,531	207,208
1 to 2 year	26,720	51,209	36,655	37,936
2 to 3 year	2,541	4,827	3,829	15,836
Over 3 years	3,277	1,414	4,839	7,228
	123,719	167,731	230,854	268,208

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	119,924	146,221	238,640	244,230
1 to 2 year	27,090	51,222	36,655	37,936
2 to 3 year	2,541	5,199	4,213	15,836
Over 3 years	3,277	1,414	4,839	7,228
	152,832	204,056	284,347	305,230

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Construction costs payables	14,321	29,677	13,471	25,839
Amounts due to related parties (note)	5,293	76,218	–	–
Other taxes payables	12,377	12,500	9,446	13,235
Payable for patent usage fees	16,326	17,582	17,903	7,879
Payroll and welfare payables	65,251	68,506	77,149	74,093
Accruals	7,059	7,916	7,505	3,417
[**REDACTED**] costs payables	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other payables	11,300	7,411	6,023	13,606
	131,927	219,810	141,707	142,245

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Construction costs payables	14,321	29,677	13,471	25,839
Amounts due to related parties *(note)*	5,293	75,683	–	–
Other taxes payables	7,349	6,760	2,706	7,463
Payable for patent usage fees	16,326	17,582	17,903	7,879
Payroll and welfare payables	45,828	47,287	53,349	56,334
Accruals	7,059	7,916	7,505	3,417
[**REDACTED**] costs payables	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other payables	11,300	7,411	6,024	13,606
	107,476	192,316	111,168	118,714

Note: The balance as at 31 December 2023 represented amounts payable in respect of the purchase of plant and equipment. The balance as at 31 December 2024 also included the remaining balances of the consideration payable in respect of the acquisition of 36.43% equity interest in Gensun during the year ended 31 December 2024 of approximately RMB70,925,000. Both balances were fully settled during the year ended 31 December 2025.

29. BANK BORROWINGS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Discounted bills receivables *(note 23(b))*	–	–	19,000	–
Bank borrowings – unsecured	843,800	997,279	1,095,400	800,200
Interest payables	1,929	828	746	450
	845,729	998,107	1,115,146	800,650
– Amounts shown under current liabilities	845,729	953,756	1,031,146	717,150
– Amounts shown under non-current liabilities	–	44,351	84,000	83,500

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Bank borrowings – unsecured	843,800	997,279	1,095,400	800,200
Interest payables	1,929	828	746	450
	845,729	998,107	1,096,146	800,650
– Amounts shown under current liabilities	845,729	953,756	1,012,146	717,150
– Amounts shown under non-current liabilities	–	44,351	84,000	83,500

(a) The effective interest rates and maturities of the Group's and the Company's bank borrowings are as follows:

	As at 31 December 2023		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank loans-unsecured	2.7%-3.5%	2024	843,800

	As at 31 December 2024		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank loans-unsecured	2.4%-2.6%	2025	952,928
Non-current			
Bank loans-unsecured	2.5%	2026-2027	44,351
Total			997,279

	As at 31 December 2025		
	Effective interest rate	Maturity	
	(%)		RMB'000
Current			
Bank loans-unsecured	2.1%-2.6%	2026	1,011,400
Non-current			
Bank loans-unsecured	2.4%-2.5%	2027	84,000
Total			1,095,400

	As at 30 June 2026		
	Effective interest rate	Maturity	
	(%)		RMB'000 (Unaudited)
Current			
Bank loans-unsecured	2.1%-2.6%	2027	716,700
Non-current			
Bank loans-unsecured	2.4%-2.5%	2027	83,500
Total			800,200

(b) The maturing profile of the Group's and the Company's bank borrowings (based on scheduled repayment dates set out in the loan agreements) is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within one year	843,800	952,928	1,011,400	716,700
Within a period of more than one year but not more than two years	–	14,784	84,000	42,286
Within a period of more than two years but not more than five years	–	29,567	–	41,214
	843,800	997,279	1,095,400	800,200

(c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's and the Company's bank borrowings are as follows:

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025		As at 30 June 2026	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000 (Unaudited)
Fixed rate	–	–	2.5%	44,351	2.4%-2.5%	84,000	2.4%-2.5%	83,500
Floating rate	2.7%-3.5%	843,800	2.4%-2.6%	952,928	2.1%-2.6%	1,011,400	2.1%-2.6%	716,700
		843,800		997,279		1,095,400		800,200

(d) The Group's and the Company's bank loans are unsecured and denominated in RMB.

30. LEASE LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities payable:				
Within one year	13,169	11,201	9,012	6,571
Within a period of more than one year but not more than two years	16,301	11,816	2,463	663
Within a period of more than two years but not more than five years	13,155	7,349	1,806	1,796
Within a period of more than five years	–	7,696	4,328	3,257
Total	42,625	38,062	17,609	12,287
Less: Amount due for settlement with 12 months shown under current liabilities	13,169	11,201	9,012	6,571
Amount due for settlement after 12 months shown under non-current liabilities	29,456	26,861	8,597	5,716

The weighted average incremental borrowing rates applied to lease liabilities as at 31 December 2023, 2024, 2025, and 30 June 2026 range from 2.5% to 4.25% per annum, 2.5% to 4.25% per annum, 2.5% to 4.25% per annum and 2.5% to 4.25% per annum, respectively.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities payable:				
Within one year	3,799	1,876	2,631	1,682
Within a period of more than one year but not more than two years	429	709	703	663
Within a period of more than two years but not more than five years	820	1,872	1,806	1,796
Within a period of more than five years	–	5,313	4,328	3,257
Total	5,048	9,770	9,468	7,398
Less: Amount due for settlement with 12 months shown under current liabilities	3,799	1,876	2,631	1,682
Amount due for settlement after 12 months shown under non-current liabilities	1,249	7,894	6,837	5,716

The weighted average incremental borrowing rates applied to lease liabilities as at 31 December 2023, 2024, 2025, and 30 June 2026 range from 2.5% to 4.25% per annum, 2.5% to 4.25% per annum, 2.5% to 4.25% per annum and 2.5% to 4.25% per annum, respectively.

31. DEFERRED INCOME

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Receipts in advance for exclusive marketing license *(note)*	56,604	292,453	358,490	523,690
Government grants	11,546	9,202	8,070	7,683
	68,150	301,655	366,560	531,373

Note: It represents the receipts in advance from independent parties for exclusive marketing license to promote the sales of products of the Group for a term of 10 years and 15 years, respectively.

32. SHARE CAPITAL

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
A shares of RMB1.00 each	264,708	264,708	264,708	264,708

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All ordinary shares rank equally with regard to the Company's residual net assets.

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares	Nominal value of ordinary shares
		RMB'000
As at 1 January 2023	240,000,000	240,000
Issue of new shares *(note (a))*	24,489,795	24,490
Share options exercised *(note (b))*	218,391	218
As at 31 December 2023, 2024, 2025 and 30 June 2026 (Unaudited)	264,708,186	264,708

Notes:

(a) On 21 April 2023, the Company allotted and issued an aggregate of 24,489,795 new ordinary shares to 11 specific targets funder at the subscription price of RMB49 per subscription share. The net proceeds from the subscription were RMB1,181,933,000 after deducting share issue expenses of RMB18,067,000, of which RMB24,490,000 and RMB1,157,443,000 were credited to the share capital and share premium of the Company, respectively. Particulars of the above were set out in the Company's announcements dated 5 November 2022, 20 April 2023 and 25 April 2023.

(b) The subscription rights attaching to 218,391 share options under the 2021 A Share Stock Ownership Scheme (as defined in note 34) were exercised at the subscription price of RMB33.76 per share, resulting in the issue of 218,391 shares for a total cash consideration of RMB7,373,000 during the year ended 31 December 2023.

33. RESERVES

The Group

The amounts of the Group's reserves and the movements therein during the Track Record Period and the six months ended 30 June 2026 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received on share issue.

(b) Capital reserve

Capital reserve mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

(c) Share options reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 4 to the financial statements.

(d) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Revaluation reserve

Revaluation reserve represents cumulative revaluation deficit arising from fair value changes on equity instrument designated at FVTOCI.

The Company

	Share premium	Revaluation reserve	Share options reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,124,081	–	119,706	(1,659,424)	584,363
Changes in fair value of equity instrument designated at FVTOCI	–	(4,012)	–	–	(4,012)
Loss for the year	–	–	–	(253,422)	(253,422)
Total comprehensive expense for the year	–	(4,012)	–	(253,422)	(257,434)
Issue of shares	1,175,510	–	–	–	1,175,510
Share issue cost	(18,067)	–	–	–	(18,067)
Recognition of equity-settled share-based payments	–	–	2,192	–	2,192
Exercise of share options	20,441	–	(13,286)	–	7,155
Forfeitures of share options	–	–	(35,785)	–	(35,785)
At 31 December 2023 and 1 January 2024	3,301,965	(4,012)	72,827	(1,912,846)	1,457,934
Changes in fair value of equity instrument designated at FVTOCI	–	(5,988)	–	–	(5,988)
Loss for the year	–	–	–	(96,791)	(96,791)
Total comprehensive expense for the year	–	(5,988)	–	(96,791)	(102,779)
Recognition of equity-settled share-based payments	–	–	78	–	78
At 31 December 2024 and 1 January 2025	3,301,965	(10,000)	72,905	(2,009,637)	1,355,233
Loss and total comprehensive expense for the year	–	–	–	(492,212)	(492,212)
At 31 December 2025	3,301,965	(10,000)	72,905	(2,501,849)	863,021
At 1 January 2025	3,301,965	(10,000)	72,905	(2,009,637)	1,355,233
Loss and total comprehensive expense for the period	–	–	–	(37,050)	(37,050)
At 30 June 2025	3,301,965	(10,000)	72,905	(2,046,687)	1,318,183
At 1 January 2026	3,301,965	(10,000)	72,905	(2,501,849)	863,021
Profit and total comprehensive expense for the period	–	–	–	646,390	646,390
At 30 June 2026 (Unaudited)	3,301,965	(10,000)	72,905	(1,855,459)	1,509,411

34. SHARE-BASED PAYMENTS

Pre-[REDACTED] Share Option Scheme

On 15 January 2019, the Company adopted a pre-[**REDACTED**] share option scheme (the "Pre-[**REDACTED**] Share Option Scheme") to recognise and reward the contributions of certain eligible employees of the Group, and incentivise them for their future contribution to the continual operation and development of the Company. Restricted shares units under the Pre-[**REDACTED**] Share Option Scheme were granted to the employees who promote the success of the Group's operations. Under the Pre-[**REDACTED**] Share Option Scheme, eligible directors, supervisors and employees shall subscribe for partnership interest of three employee stock ownership platforms, in aggregate holding 8.38% of the Company's shares.

The restricted share units granted to grantees shall vest and become exercisable as to 40% of the total number of restricted share units granted after completing a 2-years period of service since vesting commencement date and the remaining restricted share units shall vest and become exercisable equally on every month from the date of completing a 2-years period of service since vesting commencement date for 5 years. As at 30 June 2026, all granted restricted share units had been fully vested.

The fair value of services received in return for the restricted shares units granted is measured by reference to the fair value of the restricted shares units less the subscription price. The fair value of the restricted shares units is measured by reference to the Company's recent transaction prices with external investors near the grant dates.

2021 A Share Stock Ownership Schemes

Pursuant to the A Share incentive scheme for 2021 approved at the extraordinary shareholders' meeting on 1 June 2021 (the "2021 A Share Stock Ownership Scheme"), the Company granted 1,920,000 and 480,000 shares to certain eligible participants during the years ended 31 December 2021 and 2022, respectively. These granted restricted share units will be vested in accordance with certain service conditions and non-market performance conditions. The subscription price for the restricted share units is RMB33.76. The vesting periods for restricted share units granted are 24 months, 36 months and 48 months from the date of completion of registration of the granted shares. Based on the Company's performance review and individual performance appraisal, 30%, 30% and 40% of shares will be vested respectively.

The following restricted share units in 2021 A Share Stock Ownership Scheme were outstanding during the Track Record Period and the six months ended 30 June 2025 and 2026:

	2023
	Number of shares
At 1 January	2,400,000
Exercised during the year	(218,391)
Forfeited during the year	(2,181,609)
At 31 December	–
Exercisable at the end of the year	N/A
Weighted average exercise price per share	N/A

The fair values of restricted share units granted under 2021 A Share Stock Ownership Schemes were estimated and valued by independent professional valuers as at the dates of grant, using the Black-Scholes option pricing model and Back-solved model, on the basis of the single-day closing price of the circulating shares on the date when the restricted share units are granted taking into account the terms and conditions upon which the restricted share units were granted.

The following table lists the major inputs to the model used:

	2021 A Share Stock Ownership Schemes
Dividend yield *(%)*	4.03%-4.73%
Expected volatility *(%)*	20.07%-20.15%
Risk-free interest rate *(%)*	2.1%-2.75%

During the year ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, share-based payment expenses of RMB2,534,000, RMB1,617,000 and RMB2,132,000, RMB2,132,000 and nil were charged to profit or loss, respectively.

During the year ended 31 December 2023, share-based payment expenses of RMB36,683,000 were reversed and credited to profit or loss mainly due to forfeiture of restricted share units under 2021 A Share Stock Ownership Schemes for resigned employees and failure to meet the non-market performance conditions.

35. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2023

There was no acquisitions of additional interests in subsidiaries for the year ended 31 December 2023.

For the year ended 31 December 2024

During the year, the Group acquired 36.43% equity interest in the Group's subsidiary Gensun Biopharma Inc, the equity interest held by the Group before and after transaction was 55.74% and 92.17%, respectively.

The acquisition has been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB233,897,000 had been charged directly in capital reserve for the year ended 31 December 2024.

For the year ended 31 December 2025

During the year, the Group acquired 7.83% equity interest in the Group's subsidiary Gensun, including interests held by the certain non-controlling shareholders and shares acquired by other employees of Gensun which were granted pursuant to the share option plan, the equity interest held by the Group before and after transaction was 92.17% and 100%, respectively.

The acquisition has been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB12,854,000 had been charged directly in capital reserve for the year ended 31 December 2025.

For the six months ended 30 June 2025

During the period, the Group acquired 7.83% equity interest in the Group's subsidiary Gensun, including interests held by the certain non-controlling shareholders and shares acquired by other employees of Gensun which were granted pursuant to the share option plan, the equity interest held by the Group before and after transaction was 92.17% and 100%, respectively.

The acquisition has been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB12,854,000 had been charged directly in capital reserve for the six months ended 30 June 2025.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which include interest-bearing bank borrowings disclosed in note 29, net of bank balances and cash, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial assets				
Financial assets at amortised cost	2,221,676	2,306,688	2,195,705	2,306,097
Equity instrument designated at FVTOCI	5,988	–	–	–
Financial assets at FVTPL	137,019	40,501	–	375,576
Financial liabilities				
Financial liabilities at amortised cost	1,088,998	1,373,148	1,478,261	1,197,868

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial assets				
Financial assets at amortised cost	2,261,125	2,380,132	2,211,920	2,336,972
Equity instrument designated at FVTOCI	5,988	–	–	–
Financial assets at FVTPL	85,034	–	–	375,576
Financial liabilities				
Financial liabilities at amortised cost	1,098,688	1,387,719	1,488,954	1,217,121

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instrument designated at FVTOCI, financial assets at FVTPL, trade and bills receivables, other receivables and deposits, bank balances and cash, trade and other payables, and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, non-pledged time deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank borrowings. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank borrowings at the end of the reporting period. The non-pledged time deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50, 50, 50, 50 and 50 basis points increase or decrease is used for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively, when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

The Group and the Company

If interest rates had been 50, 50, 50, 50 and 50 basis points higher/lower with all other variables were held constant for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively, the Group's and the Company's pre-tax loss for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026 would increase/decrease by RMB4,219,000, RMB4,765,000, RMB5,057,000, RMB4,931,000 and RMB3,584,000, respectively.

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated monetary assets and monetary liabilities include bank balances and trade and other payables at the end of respective reporting period and the carrying amounts are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Assets				
USD	5,234	6,734	13,847	136,960
Liabilities				
USD	152	73,155	1,848	–

The Company's foreign currency denominated monetary assets and monetary liabilities include bank balances and trade and other payables at the end of respective reporting period and the carrying amounts are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Assets				
USD	169	71	58	126,627
Liabilities				
USD	1,386	72,465	1,429	–

Sensitivity analysis

The Group

The following table details the Group's sensitivity to a 5%, 5%, 5%, 5% and 5% increase and decrease in RMB against the relevant foreign currencies including intra-group balances for the years ended 31 December 2023, 2024, 2025, and six months ended 30 June 2025 and 2026, respectively. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates an increase in pre-tax loss (a decrease in pre-tax loss) where RMB strengthens 5%, 5%, 5%, 5% and 5% against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively. For a 5%, 5%, 5%, 5% and 5% weakening of RMB against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2026 respectively, there would be an equal and opposite impact on the pre-tax loss.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Loss for the year/ period					
USD	254	(3,321)	600	313	6,848

The Company

The following table details the Company's sensitivity to a 5%, 5%, 5%, 5% and 5% increase and decrease in RMB against the relevant foreign currencies including intra-group balances for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates an increase in pre-tax loss (a decrease in pre-tax loss) where RMB strengthens 5%, 5%, 5%, 5% and 5% against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively. For a 5%, 5% , 5% , 5% and 5% weakening of RMB against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively, there would be an equal and opposite impact on the pre-tax loss.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Loss for the year/ period					
USD . .	(61)	(3,620)	(69)	3	6,331

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instrument measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. In addition, the Group invested in wealth management plans and debt instruments which were classified as financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit risk and impairment assessment

In order to minimise the credit risk of trade and bills receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade and bills receivables, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The Group has provided the lifetime ECL for trade and bills receivables amounting to RMB640,000, RMB2,219,000, RMB417,000, RMB1,689,000 and RMB2,793,000 for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively, based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort. The loss rates of 5% are applied for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively, to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables and deposits are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For other receivables and deposits, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables and deposits had significant increase in credit risk since initial recognition. The balances are monitored on an ongoing basis and the Group's exposure to credit risk is not significant since the Group only trades with creditworthy third parties, and the Group does not require any collateral from other debtors.

Where applicable, an impairment analysis on other receivables and deposits is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 2.7% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided ECL for other receivables amounting to RMB980,000, RMB1,540,000, RMB49,000 and RMB30,000 for the years ended 31 December 2023, 2024 and the six months ended 30 June 2025 and 2026, respectively. A reversal of ECL for other receivables amounting to RMB299,000 was recognised during the year ended 31 December 2025.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026.

There has been no significant changes to estimation techniques or assumptions made during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

The concentration of credit risk in respect of trade receivables is minimal, as the Group has a large number of customers. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Trade and other payables	243,269	–	–	–	243,269	243,269
Bank borrowings	858,120	–	–	–	858,120	845,729
	1,101,389	–	–	–	1,101,389	1,088,998
Lease liabilities	13,504	17,301	14,227	–	45,032	42,625

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024						
Trade and other payables	375,041	–	–	–	375,041	375,041
Bank borrowings	971,471	15,928	30,314	–	1,017,713	998,107
	1,346,512	15,928	30,314	–	1,392,754	1,373,148
Lease liabilities	13,276	12,171	7,796	8,414	41,657	38,062

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025						
Trade and other payables	363,115	–	–	–	363,115	363,115
Bank borrowings	1,059,400	86,717	–	–	1,146,117	1,115,146
	1,422,515	86,717	–	–	1,509,232	1,478,261
Lease liabilities	12,906	4,588	2,195	5,293	24,982	17,609

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
As at 30 June 2026						
Trade and other payables	397,218	–	–	–	397,218	397,218
Bank borrowings	725,026	42,614	41,929	–	809,569	800,650
	1,122,244	42,614	41,929	–	1,206,787	1,197,868
Lease liabilities	6,843	777	2,241	4,594	14,455	12,287

The Company

	On demand or within 1 year	1-2 years	2-5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023					
Trade and other payables	252,959	–	–	252,959	252,959
Bank borrowings	858,120	–	–	858,120	845,729
	1,111,079	–	–	1,111,079	1,098,688
Lease liabilities	4,014	505	895	5,414	5,048

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024						
Trade and other payables	389,612	–	–	–	389,612	389,612
Bank borrowings	971,471	15,928	30,314	–	1,017,713	998,107
	1,361,083	15,928	30,314	–	1,407,325	1,387,719
Lease liabilities	2,030	789	2,241	6,857	11,917	9,770

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025						
Trade and other payables	392,808	–	–	–	392,808	392,808
Bank borrowings	1,059,400	86,717	–	–	1,146,117	1,096,146
	1,452,208	86,717	–	–	1,538,925	1,488,954
Lease liabilities	3,019	812	2,329	5,860	12,020	9,468

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
As at 30 June 2026						
Trade and other payables	416,480	–	–	–	416,480	416,481
Bank borrowings	725,026	42,614	41,929	–	809,569	800,650
	1,141,506	42,614	41,929	–	1,226,049	1,217,131
Lease liabilities	1,805	777	2,241	4,594	9,417	7,398

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurement of financial instruments

The Group

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value				Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*		
Equity instrument designated at FVTOCI – unlisted investment . .	5,988	–	–	–	Level 3	Market approach based on comparable company enterprise value with adjustment to discount for lack of marketability.
Financial assets at FVTPL – wealth management plans – debt investments .	137,019	40,501	–	375,576	Level 2	The fair values of wealth management plans and debt investments were determined with reference to the fair values of underlying investments of the plans and the debt investments, which are provided by the counterparty financial institutions.

The Group

Except for non-current bank borrowings, equity instrument designated at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of each reporting period.

The fair values of financial assets and financial liabilities (other than equity instrument designated at FVTOCI, and financial assets at FVTPL) of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Company

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value				Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*		
Equity instrument designated at FVTOCI – unlisted investment . .	5,988	–	–	–	Level 3	Market approach based on comparable company enterprise value with adjustment to discount for lack of marketability.
Financial assets at FVTPL – wealth management plans	85,034	–	–	375,576	Level 2	The fair value of wealth management plans was determined with reference to the fair value of underlying investments of the plans which are provided by the counterparty financial institutions.

The Company

Except for non-current bank borrowings, equity instrument designated at FVTOCI and financial assets at FVTPL, the management of the Company considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values at the end of each reporting period.

The fair values of financial assets and financial liabilities (other than equity instrument designated at FVTOCI and financial assets at FVTPL) of the Company are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group and the Company

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2026:

	Equity instrument designated at FVTOCI-unlisted investment
	RMB'000
At 1 January 2023	10,000
Changes in fair value of equity instrument designated at FVTOCI, net of tax	(4,012)
At 31 December 2023	5,988
Changes in fair value of equity instrument designated at FVTOCI, net of tax	(5,988)
At 31 December 2024 and 31 December 2025 and 30 June 2026 (Unaudited)	–

The fair value measurement hierarchy of the equity instrument designated at FVTOCI requires significant unobservable inputs (Level 3). The significant unobservable input used in the fair value measurement is the price-to-sales multiples rate. As at 31 December 2023, it is estimated that with all other variables held constant, an increase/(an decrease) in the estimated price-to-sales multiples rate by 10% would result in an increase/(a decrease) in the fair value of the equity instrument designated at FVTOCI by RMB461,000 (RMB46,000).

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, the Group entered into new lease agreements and recognised right-of-use assets for buildings of approximately RMB1,512,000, RMB9,902,000 and RMB2,614,000, RMB1,164,000 and RMB30,000 and lease liabilities for buildings of approximately RMB1,512,000, RMB9,902,000 and RMB2,614,000, RMB1,164,000 and RMB30,000 respectively.

(ii) During the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, the Group modified lease agreements and decognised right-of-use assets for buildings of approximately RMB3,488,000, RMB Nil, RMB10,634,000, RMB10,634,000 and RMB Nil and lease liabilities for buildings of approximately RMB3,488,000, RMB Nil, RMB10,634,000, RMB10,634,000 and RMB Nil, respectively.

(iii) During the year ended 31 December 2025 and the six months ended 30 June 2025, the Group early terminated a lease of buildings and derecognised right-of-use assets for buildings of approximately RMB1,583,000 and RMB1,583,000, and lease liabilities for buildings of approximately RMB1,583,000 and RMB1,583,000, respectively.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	490,927	56,870	547,797
Changes from financing cashflows	332,249	(14,033)	318,216
New lease	–	1,512	1,512
Lease modification	–	(3,488)	(3,488)
Accretion of interest	22,553	1,764	24,317
At 31 December 2023	845,729	42,625	888,354
Changes from financing cashflows	125,539	(16,519)	109,020
New lease	–	9,902	9,902
Accretion of interest	26,839	2,054	28,893

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024	998,107	38,062	1,036,169
Changes from financing cashflows	93,628	(11,640)	81,988
New lease	–	2,614	2,614
Termination of lease	–	(1,583)	(1,583)
Lease modification	–	(10,634)	(10,634)
Accretion of interest	23,411	790	24,201
At 31 December 2025	1,115,146	17,609	1,132,755
Changes from financing cashflows	(325,513)	(5,638)	(331,151)
New lease	–	30	30
Accretion of interest	11,017	286	11,303
At 30 June 2026 (unaudited)	800,650	12,287	812,937

(c) Total cash outflow for leases:

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Within operating activities	1,320	1,405	1,890	903	778
Within financing activities	14,033	16,519	11,640	5,211	5,638

39. CONTINGENT LIABILITIES

At the end of 31 December 2023, 2024, 2025 and 30 June 2026, the Group and the Company did not have any significant contingent liabilities.

40. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group recognised the retirement benefit contributions of RMB21,249,000, RMB23,806,000, RMB27,053,000, RMB12,347,000 and RMB14,313,000 for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively.

41. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Name of entity	Relationship
Kunshan Industrial Technology Research Institute Small Nucleic Acid Biotechnology Research Institute Co., Ltd ("Kunsha Research") (昆山市工業技術研究院小核酸生物技術研究所有限責任公司)	the non-controlling shareholder of the Company
Jackie Zegi Sheng (盛澤琪)	the non-controlling shareholder of the Company
Mike C Sheng	the close family of the controlling shareholder of the Company

Other than as disclosed elsewhere in the Historical Financial Information and Interim Financial Information, the Group had material transactions during the Track Record Period and the six months ended 30 June 2025 and 2026, with related parties as follows:

Related party	Nature of transaction	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Kunsha Research . .	Purchases of raw materials	7,261	7,472	6,760	3,072	3,816
Kunsha Research . .	Lease paid	1,826	1,487	1,608	727	778

(b) Outstanding balances with related parties:

The Group

Amounts due from related parties included in other receivables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due from related parties	78	78	352	195
Less: Expected credit losses . .	(11)	(21)	(24)	(17)
	67	57	328	178

The amounts due from related parties were unsecured, non-interest-bearing and repayable on demand.

Amounts due to related parties included in trade and other payables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade-related	1,446	1,460	747	950
Non-trade related	5,293	76,218	–	–
	6,739	77,678	747	950

The amounts due to related parties were unsecured, non-interest-bearing and repayable on demand. As at 31 December 2023, 2024, 2025, and 30 June 2026, the aging of trade-related amounts due to related parties are within one year.

Amounts due to related parties included in lease liabilities.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities	2,091	8,941	8,301	7,036

The amounts due to related parties included in lease liabilities were unsecured, non-interest-bearing and repayable based on the lease terms set out in lease agreements.

The Company

Amounts due from subsidiaries included in trade receivables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due from subsidiaries	28,838	50,754	56,972	56,972
Less: Expected credit losses	–	–	(56,972)	(56,972)
	28,838	50,754	–	–

The amounts due from subsidiaries were unsecured, non-interest-bearing and repayable on demand.

The Company performs impairment assessment under ECL model on amounts due from subsidiaries, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2025, impairment losses amounted to RMB56,972,000 were recognised in respect of the amounts due from subsidiaries included in trade receivables.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	28,838	21,916	–	–
1 to 2 year	–	28,838	–	–
2 to 3 year	–	–	–	–
Over 3 year	–	–	–	–
	28,838	50,754	–	–

Amounts due from subsidiaries included in other receivables, deposits and prepayments.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due from subsidiaries	228,495	216,863	508,159	497,314

The amounts due from subsidiaries were unsecured, non-interest-bearing and repayable on demand.

Amounts due to subsidiaries included in trade and bills payables and other payables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade-related	29,401	36,744	53,555	37,130
Non-trade related	5,293	75,683	–	–
	34,694	112,427	53,555	37,130

Except for bills payable due to subsidiaries, the amounts due to subsidiaries were unsecured, non-interest-bearing and repayable on demand. As at 31 December 2023, 2024, 2025, and 30 June 2026, the aging of trade-related amounts due to subsidiaries is within one year.

Amounts due to related parties included in lease liabilities

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities	2,091	8,941	8,301	7,036

The amounts due to related parties included in lease liabilities were unsecured, non-interest-bearing and repayable based on the lease terms set out in lease agreements.

(c) The remuneration of key management personnel during the Track Record Period and the six months ended 30 June 2025 and 2026, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Short-term benefits	13,551	13,336	13,697	4,952	5,688
Retirement benefit scheme contributions	394	406	397	203	196
Share-based payments expense	331	–	–	–	–
Reversal of share-based payments expense	(10,799)	–	–	–	–
	3,477	13,742	14,094	5,155	5,884

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

42. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group as at 31 December 2023, 2024, 2025, 30 June 2025 and 2026 that has material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Total comprehensive income/(expenses) allocated to non-controlling interests					Accumulated non-controlling interests			
		As at 31 December			As at 30 June	Year ended 31 December			Six months ended 30 June		As at 31 December			As at 30 June
		2023	2024	2025	2026	2023	2024	2025	2025	2026	2023	2024	2025	2026
		%	%	%	% (Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Gensun . . .	USA	44.26%	7.83%	–	–	(16,115)	(12,693)	(2,241)	(2,241)	–	11,984	(1,257)	–	–

The summarised financial information in respect of a non-wholly owned subsidiary of the Group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

Gensun

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets	35,119	21,444	N/A	N/A
Current assets	124,848	116,001	N/A	N/A
Current liabilities	121,772	146,246	N/A	N/A
Non-current liabilities	11,117	7,259	N/A	N/A
Equity attributable to the owners of the Company	15,094	(14,803)	N/A	N/A
Equity attributable to the non-controlling interests of Gensun	11,984	(1,257)	N/A	N/A

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	–	–	–	–	–
Expenses	(36,410)	(43,567)	(31,381)	(31,381)	–
Loss and total comprehensive expense for the year	(36,410)	(43,567)	(31,381)	(31,381)	–
Loss and total comprehensive expense attributable to owners of the Company	(20,295)	(30,874)	(29,140)	(29,140)	–
Loss and total comprehensive expense attributable to the non-controlling interests of Gensun	(16,115)	(12,693)	(2,241)	(2,241)	–
Net cash outflow from operating activities	(10,825)	(11,580)	(12,173)	(12,173)	–
Net cash (outflow)/inflow from investing activities	–	14,227	25,064	25,064	–
Net cash outflow from financing activities	–	(1,113)	(9,920)	(9,920)	–
Net cash (outflow)/inflow	(10,825)	1,534	2,971	2,971	–

43. COMMITMENTS

The Group

The Group had the following contracted commitments as at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Property, plant and equipment	106,398	60,224	119,327	991

The Company

The Company had the following contracted commitments as at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Property, plant and equipment	106,398	60,224	119,327	991

44. SUBSEQUENT EVENTS

There were no other significant events that require additional disclosure or adjustments occurred after the 30 June 2026.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2026 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on December 12, 2025, which will take effect upon the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. The primary purpose of this appendix is to provide potential [**REDACTED**] with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The issuance of shares by the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued in the same offering shall be issued under the same conditions and at the same price. All entities or individuals subscribing for such shares shall pay the same consideration for each share.

INCREASE, REDUCTION AND REPURCHASE OF SHARE

Increase of Capital

The Company may, in accordance with applicable laws, regulations and the securities regulatory rules at the place where the Company's shares are [**REDACTED**] and subject to a resolution adopted by the General Meeting, increase its capital as required for its business operations and development by one or more of the following means:

(i) issuing shares to unspecified investors;

(ii) issuing shares to specific investors;

(iii) distributing bonus shares to existing shareholders;

(iv) converting capital reserves into share capital; and/or

(v) any other methods permitted by law, administrative regulations and the securities regulatory authorities at the place where the Company's shares are [**REDACTED**].

Reduction of Capital

The Company may reduce its registered capital. Any reduction of registered capital shall be carried out in accordance with the procedures prescribed by the Company Law of the People's Republic of China (the "PRC Company Law"), the securities regulatory rules at the place where the Company's shares are [**REDACTED**], and the Articles of Association.

The Company shall notify its creditors within ten (10) days from the date on which the resolution for the reduction of registered capital is passed by the General Meeting, and shall make a public announcement in a newspaper or via the National Enterprise Credit Information Publicity System within thirty (30) days after.

Creditors shall have the right, within thirty (30) days from the date of receipt of the notice or, if no such notice is received, within forty-five (45) days from the date of the public announcement, to require the Company to settle its debts or provide a corresponding guarantee.

Repurchase of Shares

The Company may repurchase its own shares in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association under any of the following circumstances:

i. for the purpose of reducing the Company's registered capital;

ii. in connection with a merger with another company that holds shares in the Company;

iii. for use in employee stock ownership plans or equity incentive schemes;

iv. upon request by shareholders who object to resolutions adopted at the General Meeting regarding the merger or division of the Company, requiring the Company to repurchase their shares;

v. for conversion into shares of the Company of convertible corporate bonds issued by the Company; or

vi. where necessary for the Company to protect its value and the shareholders' equity interest.

The circumstances referred to in item (vi) of the preceding paragraph shall meet any one of the following conditions:

i. the closing price of the Company's stock is below its most recent net asset value per share;

ii. the cumulative decline in the closing price of the Company's stock over twenty (20) consecutive trading days reaches twenty percent (20%);

iii. the closing price of the Company's stock is below fifty percent (50%) of its highest closing price in the most recent year; or

iv. other circumstances specified by the securities regulatory rules at the place where the Company's shares are [**REDACTED**].

The Company shall not engage in the trading of its own shares except in the circumstances set out above.

Where the Company repurchases its own shares pursuant to items (i) and (ii) of paragraph 1, such repurchase shall be subject to a resolution of the General Meeting. Where the repurchase is conducted pursuant to items (iii), (v) and (vi) of paragraph 1, it shall be approved by a resolution of the Board of Directors passed at a meeting attended by more than two-thirds (2/3) of the directors.

Where the Company repurchases its own shares in accordance with the provisions of paragraph 1, the following requirements shall apply: in the case of a repurchase under item (i), the shares shall be cancelled within ten (10) days from the date of repurchase; in the case of a repurchase under items (ii) or (iv), the shares shall be transferred or cancelled within six (6) months from the date of repurchase; and in the case of a repurchase under items (iii), (v), or (vi), the aggregate number of shares held by the Company shall not exceed ten percent (10%) of the total issued share capital of the Company, and such shares shall be transferred or cancelled within three (3) years from the date of repurchase.

TRANSFER OF SHARES

Shares issued by the Company prior to its [**REDACTED**] of A shares shall not be transferred within one (1) year from the date on which the Company's A shares are [**REDACTED**] and [**REDACTED**] on the stock exchange.

Directors and senior management personnel shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office, the annual transfer of their shares of the same class shall not exceed 25% of their total holdings of such class of shares in the Company. The shares held by such persons shall not be transferred within one (1) year from the date on which the Company's shares are [**REDACTED**] and [**REDACTED**]. Within six (6) months after their resignation, such persons shall not transfer the shares they hold in the Company.

Where laws, administrative regulations or the listing rules of the stock exchange at the place where the Company's shares are [**REDACTED**] impose additional restrictions on the transfer of the Company's shares, such provisions shall prevail.

The Company shall not accept its shares as the subject matter of a pledge.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders based on the records provided by the securities registration and clearing institution. The register of shareholders shall serve as conclusive evidence of shareholders' shareholdings in the Company. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Rights and Obligations of Shareholders

The shareholders of the Company shall be entitled to the following rights:

i. to receive dividends and other forms of distribution in proportion to their shareholdings;

ii. to request the convening of, convene, preside over, attend, or appoint proxies to attend the General Meeting and exercise voting rights accordingly in accordance with laws;

iii. to supervise the Company's operations and submit suggestions or inquiries;

iv. to transfer, donate, or pledge their shares in accordance with laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], and the Articles of Association;

v. shareholders shall have the right to inspect and make copies of Articles of Association, the register of shareholders, minutes of the General Meeting, resolutions of the Board of Directors, and financial accounting reports. Shareholders who meet the prescribed requirements may also inspect the Company's accounting books and accounting vouchers;

vi. to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;

vii. to request the Company to repurchase their shares if they object to resolutions of the General Meeting regarding mergers or divisions of the Company; and

viii. other rights provided by laws, administrative regulations, departmental rules, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], or the Articles of Association.

Shareholders' requesting to inspect or make copies of relevant documents of the Company shall comply with the PRC Company Law, Securities Law of the People's Republic of China, and other laws, administrative regulations, and the securities regulatory rules at the place where the Company's shares are [**REDACTED**].

The shareholders of the Company shall undertake the following obligations:

i. to comply with laws, administrative regulations, and the Articles of Association;

ii. to pay subscription monies for the shares they have subscribed for, according to the agreed subscription method;

iii. not to withdraw their capital contributions except as otherwise permitted by laws or regulations;

iv. not to abuse shareholder rights to harm interests of the Company or other shareholders; not to abuse the Company's independent legal personality or the limited liability of shareholders to harm the interests of the Company's creditors; and

v. such other obligations as may be required under laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Shareholders who abuse their rights and thereby cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders who abuse the Company's status as an independent legal entity and the limited liability of shareholders to evade debts and thereby materially prejudice the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

SHAREHOLDERS' GENERAL MEETING

General rules of the Shareholders' General Meeting

The Shareholders' General Meeting is the organ of authority of the Company and shall, in accordance with the law, exercise the following powers:

i. to elect and replace directors and determine matters relating to the remuneration of such directors;

ii. to consider and approve the reports of the Board of Directors;

iii. to consider and approve the Company's profit distribution plan and plan for making up losses;

iv. to adopt resolutions on the increase or reduction of the registered capital of the Company;

v. to adopt resolutions on the issuance of bonds by the Company;

vi. to adopt resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;

vii. to amend the Articles of Association;

viii. to adopt resolutions on the appointment or dismissal of the accounting firm responsible for the audit of the Company;

ix. to consider and approve the guarantees as set out in Article 47 of the Articles of Association;

x. to consider any proposed purchase or sale of significant assets by the Company within one (1) year that exceeds thirty percent (30%) of the Company's audited total assets as of the most recent accounting period;

xi. to consider and approve any proposed changes to the use of proceeds raised from financing activities;

xii. to consider equity incentive plans and employee stock ownership plans;

xiii. to consider and approve other matters that are required by laws, administrative regulations, departmental rules, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], or the Articles of Association to be decided by the General Meeting.

The Company shall convene an extraordinary General Meeting within two (2) months from the date of occurrence of any of the following circumstances:

i. the number of directors falls below the statutory minimum required by the PRC Company Law or less than two-thirds (2/3) of the number of directors as specified in the Articles of Association;

ii. the Company's uncovered losses amount to one-third (1/3) of its total share capital;

iii. shareholder(s) individually or jointly holding ten percent (10%) or more of the Company's shares (excluding treasury shares) so request;

iv. the Board of Directors considers it necessary;

v. the Audit Committee proposes to convene such a meeting; or

vi. Other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], or the Articles of Association.

Convening of the General Meeting

The independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting upon the approval of more than half of all independent directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made. If the Board of Directors declines to convene an extraordinary meeting, it shall state the reasons and make an announcement.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit such proposal in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made. If the Board of Directors declines to convene an extraordinary general meeting, or fails to respond within ten (10) days of receiving such a proposal, it shall be deemed that the Board of Directors is unable or unwilling to fulfill its duty to convene the meeting. In such circumstances, the Audit Committee may convene and preside over the meeting itself.

Shareholder(s) individually or jointly holding ten percent (10%) or more of the Company's shares may request the Board of Directors to convene an extraordinary general meeting by submitting such request in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a request. If the Board of Directors agrees, it shall issue a notice of the general meeting within five (5) days after the Board resolution is made.

Where the Board of Directors refuses to convene the meeting, or fails to provide feedback within ten (10) days of receiving the request, the shareholder(s), individually or jointly holding ten percent (10%) or more of the Company's shares shall have the right to submit a written proposal to the Audit Committee to convene the extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholder(s).

If the Audit Committee fails to issue such notice within the prescribed period, it shall be deemed as having refused to convene and preside over the meeting. Shareholder(s) who have individually or jointly held ten percent (10%) or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the general meeting themselves. Prior to the announcement of the resolutions passed at the general meeting, the shareholding ratio of the convening shareholders shall not be less than ten percent (10%).

Notices of General Meeting

The convener shall notify all shareholders of an annual general meeting by way of announcement at least twenty-one (21) days prior to the date of the meeting, and shall notify all shareholders of an extraordinary general meeting by way of announcement at least fifteen (15) days prior to the date of the meeting.

The notice of a general meeting shall include the following particulars:

i. the date, venue and duration of the meeting;

ii. the matters and proposals to be submitted for consideration at the meeting;

iii. a prominent statement that all shareholders are entitled to attend the general meeting, and may appoint a proxy in writing to attend and vote at the meeting on their behalf, and that such proxy need not be a shareholder of the Company;

iv. the record date for determining the shareholders entitled to attend the meetings;

v. the name and telephone number of the permanent contact person for the meeting; and

vi. the time and procedures for voting by way of online or other means;

Resolutions of the General Meeting

Resolutions of the general meeting shall be classified into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than half (1/2) of the voting rights represented by shareholders attending the General Meeting.

A special resolution shall be passed by more than two-thirds (2/3) of the voting rights represented by shareholders attending the General Meeting.

If the securities regulatory rules at the place where the Company's shares are [**REDACTED**] impose other requirements regarding shareholder voting, such requirements shall prevail.

The following matters shall be approved by way of ordinary resolution at a general meeting:

i. the report of the Board of Directors on its work;

ii. the profit distribution plan and the plan for making up losses as proposed by the Board of Directors;

iii. the appointment and removal of members of the Board of Directors, as well as their remuneration and the method of payment;

iv. other matters that are neither required by laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], nor by the Articles of Association to be passed by special resolution.

The following matters shall be approved by way of special resolution at a general meeting:

i. the increase or reduction of the registered capital of the Company;

ii. the merger, division, spin-off, dissolution, or liquidation of the Company;

iii. amendments to the Articles of Association;

iv. the value of the purchase or sale of significant assets, or provision of guarantees to others within one year exceeds thirty percent (30%) of the Company's latest audited total assets;

v. equity incentive plans; and

vi. other matters required to be approved by special resolution under laws, administrative regulations, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], or the Articles of Association, or other matters that may have a material impact on the Company as determined by an ordinary resolution of the general meeting.

Shareholders shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shares held by the Company shall not carry voting rights and shall not be counted in the total number of voting shares represented at the general meeting.

In respect of matters concerning connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting, and the voting rights represented by such connected shareholders shall not be counted in the total number of valid votes.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the General Meeting of Shareholders and shall serve a term of three (3) years. Upon expiration of their term, Directors may be re-elected and re-appointed.

Directors may concurrently serve as senior management personnel; however, the number of Directors concurrently holding senior management positions and those serving as employee representatives shall not in aggregate exceed one-half (1/2) of the total number of Directors of the Company.

Board of Directors

Directors of the Company shall be natural persons and may include executive directors, non-executive directors, and independent non-executive directors, including at least one professional accountant.

The Board of Directors of the Company shall consist of five (5) to eleven (11) directors, including one (1) employee representative director. One (1) director responsible for executing the Company's affairs shall be elected by the General Meeting. The Board shall have one (1) Chairman, elected by a majority vote of all directors on the Board of Directors. Independent directors shall constitute no less than one-third of all directors on the Board, with at least one independent director possessing appropriate accounting or related financial management expertise, and at least one independent director ordinarily resident in Hong Kong.

The Board of Directors shall exercise the following powers in accordance with the law and the provisions of the Articles of Association:

i. to convene general meetings and report to the general meeting on its work;

ii. to implement resolutions passed by the general meeting;

iii. to determine the Company's business plans and investment proposals;

iv. to formulate the Company's profit distribution plans and plans for making up losses;

v. to formulate plans for increasing or reducing the registered capital of the Company, and for the issuance of bonds or other securities and [**REDACTED**] thereof;

vi. to formulate significant acquisition, share repurchase, merger, division, dissolution, or change of corporate form proposals of the Company;

vii. to decide on matters including external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, and donations to external parties within the scope authorized by the general meeting;

viii. to determine the organizational structure of the Company's internal management;

ix. to appoint or dismiss the general manager, the secretary to the Board of Directors, and other senior management personnel of the Company, and to determine their remuneration and disciplinary or reward measures; to appoint or dismiss deputy general managers, the chief financial officer (financial director), and other senior management personnel based on the nomination by the general manager, and to determine their remuneration and disciplinary or reward measures;

x. to formulate the fundamental management systems of the Company;

xi. to formulate proposals for amendments to the Articles of Association;

xii. to manage the Company's information disclosure affairs;

xiii. to propose to the general meeting the engagement or replacement of the accounting firm responsible for auditing the Company;

xiv. to hear the general manager's work reports and evaluate the general manager's performance; and

xv. to exercise other powers as provided by laws, administrative regulations, departmental rules, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], or the Articles of Association.

The Board of Directors shall convene no fewer than four (4) meetings each year, which shall be convened by the Chairman. Written notice shall be given to all Directors at least fourteen (14) days prior to the date of the meeting.

An extraordinary meeting of the Board of Directors shall be convened and presided over by the Chairman within ten (10) days under any of the following circumstances:

i. when proposed by shareholders representing more than one-tenth (1/10) of the voting rights;

ii. when jointly proposed by more than one-third (1/3) of the Directors;

iii. when jointly proposed by more than one-half (1/2) of the independent Directors; or

iv. when proposed by the Audit Committee.

AUDIT COMMITTEE

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the Supervisory Board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors or Independent Directors who do not hold any senior management positions within the Company. Among them, two (2) shall be Independent Directors, and the convener shall be an accounting professional selected from among the Independent Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and assessing internal and external audit activities, and overseeing internal control. The following matters shall be submitted to the Board of Directors for consideration only after receiving the approval of more than half of all members of the Audit Committee:

i. disclosure of financial information in financial reports and periodic reports, and reports on the evaluation of internal controls;

ii. engagement or dismissal of the accounting firm responsible for the Company's audit;

iii. appointment or dismissal of the Company's chief financial officer;

iv. changes in accounting policies or accounting estimates, or correction of material accounting errors, except where such changes result from amendments to accounting standards; and

v. other matters as prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules at the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Resolutions of the Audit Committee shall be adopted by a majority vote of its members.

GENERAL MANAGER

The Company shall have one (1) General Manager, who shall be appointed or dismissed by resolution of the Board of Directors.

The Company may have several Deputy General Managers, who shall also be appointed or dismissed by resolution of the Board of Directors.

The General Manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

i. to preside over the Company's production and operational management, organize the implementation of resolutions of the Board of Directors, and report to the Board on the execution thereof;

ii. to organize and implement the Company's annual business plan and investment proposals;

iii. to propose the structure of the Company's internal management organization;

iv. to propose the Company's basic management policies;

v. to formulate specific rules and regulations of the Company;

vi. to submit proposals to the Board of Directors regarding the appointment or dismissal of the Deputy General Managers and financial controller (the chief financial officer);

vii. to decide on the appointment or dismissal of managerial personnel other than those whose appointment or dismissal shall be determined by the Board of Directors;

viii. other powers conferred by the Articles of Association or by the Board of Directors.

The General Manager shall attend meetings of the Board of Directors as a non-voting participant.

SECRETARY TO THE BOARD

The Company shall appoint a Board Secretary, who shall be responsible for organizing the General Meeting and the Board of Directors, keeping relevant documentation, managing the Company's shareholder information, and handling matters related to information disclosure.

The Board Secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules at the place where the Company's shares are [**REDACTED**], and the Articles of Association.

BORROWING POWER

The Articles of Association do not contain any specific provisions regarding how the Directors may exercise or delegate the power to borrow. However, the Board of Directors shall have the authority to make proposals in relation to the issuance of bonds of the Company.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with applicable laws, administrative regulations, and the requirements of relevant state authorities.

The Company shall submit and disclose its annual reports to the local office of the CSRC and the stock exchange within four (4) months after the end of each fiscal year. The Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange within two (2) months after the end of the first half of each fiscal year.

The aforementioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, rules of the CSRC, and the regulations of the stock exchange where the Company's shares are [**REDACTED**].

PROFIT DISTRIBUTION

The Company shall attach importance to providing reasonable returns to investors, particularly minority shareholders. On the premise of meeting the funding requirements for normal business operations, the Company shall formulate a shareholder return plan and implement a continuous and stable profit distribution policy.

Provided that the conditions for profit distribution are met, the Company shall distribute profits once per year. The Company may also conduct interim dividends based on its profitability and capital needs. The Board of Directors shall formulate specific interim dividend proposals in accordance with the conditions for profit distribution, based on resolutions passed by the General Meeting.

Where the conditions for cash dividends are satisfied, the Company shall distribute profits by way of cash dividends. The Company may distribute stock dividends concurrently with the aforementioned cash dividend distribution.

INTERNAL AUDIT

The Company shall implement an internal audit system. The internal audit department of the Company shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information, and other relevant matters.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and shall be disclosed to the public. The internal audit department shall be accountable to the Board of Directors.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for any of the following reasons:

i. the expiry of the business term specified in the Articles of Association or the occurrence of any other dissolution event as stipulated therein;

ii. a resolution on dissolution adopted by the General Meeting;

iii. dissolution required due to merger or division of the Company;

iv. revocation of the Company's business license, an order for closure, or the Company being deregistered in accordance with the law; or

v. where the Company experiences significant difficulties in its operation and management, and continuation would cause substantial loss to shareholders' interests, and such issues cannot be resolved by other means, shareholders holding ten percent (10%) or more of the total voting rights may petition the People's Court to dissolve the Company.

Where dissolution is caused by subparagraphs (i) or (ii) above, and the Company has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or upon resolution of the General Meeting.

If the Company is dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall proceed with liquidation. The directors shall act as the liquidation obligors and shall form a liquidation committee within fifteen (15) days from the occurrence of the dissolution event. The liquidation committee shall be composed of the directors unless otherwise stipulated by the Articles of Association or resolved by the General Meeting to appoint other persons.

Where no liquidation committee is formed within the prescribed time limit, creditors may apply to the People's Court to designate relevant personnel to form a liquidation committee.

The liquidation committee shall notify the creditors within ten (10) days from the date of its formation and shall publish an announcement in a provincial or higher-level newspaper or through the National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from receipt of the notice, or within forty-five (45) days from the date of announcement if they did not receive notice.

If, after verifying the Company's assets, balance sheet, and asset inventory, the liquidation committee discovers that the Company's assets are insufficient to cover its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator appointed by the Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report for confirmation by the General Meeting or the Court and submit it to the Company's registration authority to apply for deregistration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

i. where, following an amendment to the PRC Company Law or relevant laws and administrative regulations, any provisions of the Articles of Association conflict with such amended laws or regulations;

ii. where changes occur in the Company's circumstances, rendering any provision of the Articles of Association inconsistent with the actual situation; or

iii. where the General Meeting resolves to make an amendment.

FURTHER INFORMATION ABOUT OUR GROUP

Establishment of The Company

The Company was established in the PRC as a limited liability company on March 18, 2009. On February 27, 2019, it was converted into a joint stock company with limited liability under the PRC Company Law. Since January 23, 2020, our A Shares have been listed on the Shanghai Stock Exchange with the stock code of 688266. Our registered office is located at 209 Chenfeng Road, Yushan Town, Kunshan City, Jiangsu Province, PRC.

We have established a principal place of business in 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on under the same address. Ms. Au Yeung Lai Yee has been appointed as our authorized representative for the acceptance of service of process and notices on our behalf in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As we were established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the Articles of Association is set out in Appendix III to this document.

Changes in the Share Capital of The Company

Save as disclosed in "History, Development and Corporate Structure," there has been no change in the share capital of the Company within the two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document.

There has been no change in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

Resolutions of Our Shareholders

At the Shareholders' general meeting held on December 12, 2025, among other things, the following resolutions were passed by the Shareholders:

(a) the issuance by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares being [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than [**REDACTED**]% of the total issued share capital of the Company upon completion of the [**REDACTED**] and before any exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares initially available under the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and authorization to our Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the [**REDACTED**]; and

(d) authorization of our Board or its authorized individual(s) to handle all matters relating to, among other things, the [**REDACTED**], the issue and the [**REDACTED**] of H Shares on the Stock Exchange.

Restriction on Share Repurchase

For details of the restrictions on share repurchase by the Company, see "Summary of Articles of Association" in Appendix III to this document.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We [have] entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the [**REDACTED**].

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Owner	Trademark	Registration No.	Expiry Date	Place of Registration
1	The Company	Zelgen	8708043	October 13, 2031	PRC
2	The Company	Zelgen	8708065	November 6, 2031	PRC
3	The Company	Zelgen	8708140	May 6, 2034	PRC
4	The Company	泽璟	8708153	October 13, 2031	PRC
5	The Company	泽璟	8708158	November 6, 2031	PRC
6	The Company	Zepsun	10064754	December 13, 2032	PRC
7	The Company	泽普生	10064755	December 13, 2032	PRC
8	The Company	泽普凝	11516250	February 20, 2034	PRC
9	The Company	Zelseven	15846152	January 27, 2036	PRC
10	The Company	璟奇	15846189	January 27, 2036	PRC
11	The Company	泽普平	23778077	April 13, 2028	PRC
12	The Company	赛诺璟	23778203	April 13, 2028	PRC
13	The Company	泽璟	26385640	September 27, 2028	PRC
14	The Company	Zelgen	26399091	September 27, 2028	PRC
15	The Company	Zelgen	26399096	September 27, 2028	PRC

No.	Owner	Trademark	Registration No.	Expiry Date	Place of Registration
16 . .	The Company	泽璟制药	38578590	May 20, 2030	PRC
17 . .	The Company	泽璟制药	38587968	January 27, 2030	PRC
18 . .	The Company	泽璟制药	38587979	January 27, 2030	PRC
19 . .	The Company	泽速宁	60591132	May 13, 2032	PRC
20 . .	The Company	泽普丽	82970537	July 20, 2035	PRC
21 . .	The Company	泽普泰	82979357	July 20, 2035	PRC
22 . .	The Company	泽普舒	82987000	July 20, 2035	PRC
23 . .	The Company	泽恩泰	88654119	May 27, 2036	PRC
24 . .	The Company	Zeanta	88654120	May 27, 2036	PRC
25 . .	The Company	泽恩达	88654121	May 27, 2036	PRC
26 . .	The Company	Zenvard	88654122	May 27, 2036	PRC
27 . .	The Company	泽万妥	88654123	May 27, 2036	PRC
28 . .	The Company	Zevanto	88654124	May 27, 2036	PRC
29 . .	The Company	泽维妥	88654125	May 27, 2036	PRC
30 . .	The Company	Zewinto	88654126	May 27, 2036	PRC

Patents

Registered Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Owner	Application Number	Patent Name	Authorization Date	Place of Registration
1 . . .	The Company	2008102001060	Deuterated ω-diphenylurea and derivatives, as well as pharmaceutical compositions containing the compound (氘代的ω-二苯基脲及衍生物以及包含該化合物的藥物組合物)	October 26, 2011	PRC
2 . . .	The Company	2011100717754	A method for the efficient expression and production of recombinant human thrombin in animal cells (一種重組人凝血酶在動物細胞內的高效表達和生產方法)	April 29, 2015	PRC

No.	Owner	Application Number	Patent Name	Authorization Date	Place of Registration
3 . . .	The Company	2009100525761	A vector system pGN for high-level expression of recombinant glycoproteins in CHO cells (一種CHO細胞中重組糖蛋白高水平表達的載體系統pGN)	October 16, 2013	PRC
4 . . .	The Company	201110302329X	Deuterated ω-diphenylurea and derivatives, as well as pharmaceutical compositions containing the compound (氘代的ω-二苯基脲及衍生物以及包含該化合物的藥物組合物)	March 18, 2015	PRC
5 . . .	The Company	2012102497965	The polymorphic forms of deuterated ω-diphenylurea or its salts (氘代ω-二苯基脲或其鹽的多晶型物)	June 15, 2016	PRC
6 . . .	The Company	13/635,822	A method and process for the synthesis and production of deuterated ω-diphenylurea (一種氘代的ω-二苯基脲的合成及生產的方法和工藝)	March 11, 2014	US
7 . . .	The Company	2012-557394	A method and process for the synthesis and production of deuterated ω-diphenylurea (一種氘代的ω-二苯基脲的合成及生產的方法和工藝)	January 9, 2015	Japan
8 . . .	The Company	2011800143917	Deuterated ω-diphenylurea and derivatives, as well as pharmaceutical compositions containing the compound (氘代的苯基氨基嘧啶化合物以及包含該化合物的藥物組合物)	September 10, 2014	PRC
9 . . .	The Company	201310032097X	The polymorphic forms of deuterated ω-diphenylurea or its salts (氘代ω-二苯基脲或其鹽的多晶型物)	January 6, 2016	PRC
10 . .	The Company	14/415,340	The polymorphic forms of deuterated ω-diphenylurea or its salts (氘代ω-二苯基脲或其鹽的多晶型物)	February 21, 2017	US
11 . .	The Company	2015-521962	The polymorphic forms of deuterated ω-diphenylurea or its salts (氘代ω-二苯基脲或其鹽的多晶型物)	January 13, 2017	Japan
12 . .	The Company	2015103642813	The polymorphic forms of phenylaminopyridine compounds or their salts (苯基氨基嘧啶化合物或其鹽的多晶型物)	June 25, 2019	PRC
13 . .	The Company	14/764,016	Deuterated phenylaminopyridine compounds and pharmaceutical compositions containing the compounds (氘代的苯基氨基嘧啶化合物以及包含該化合物的藥物組合物)	March 28, 2017	US

No.	Owner	Application Number	Patent Name	Authorization Date	Place of Registration
14 . .	The Company	14742882.5	Deuterated phenylaminopyridine compounds and pharmaceutical compositions containing the compounds (氘代的苯基氨基嘧啶化合物以及包含該化合物的藥物組合物)	August 5, 2020	European Patent Office
15 . .	The Company	2015-554047	Deuterated phenylaminopyridine compounds and pharmaceutical compositions containing the compounds (氘代的苯基氨基嘧啶化合物以及包含該化合物的藥物組合物)	May 17, 2019	Japan
16 . .	Shanghai Zelgen	2014800064302	Deuterated phenylaminopyridine compounds and pharmaceutical compositions containing the compounds (氘代的苯基氨基嘧啶化合物以及包含該化合物的藥物組合物)	September 22, 2017	PRC
17 . .	The Company	15/739,254	The polymorphic forms of phenylaminopyridine compounds or their salts (苯基氨基嘧啶化合物或其鹽的多晶型物)	August 13, 2019	US
18 . .	The Company	16813749.5	The polymorphic forms of phenylaminopyridine compounds or their salts (苯基氨基嘧啶化合物或其鹽的多晶型物)	June 1, 2022	European Patent Office
19 . .	The Company	2016800374045	The polymorphic forms of phenylaminopyridine compounds or their salts (苯基氨基嘧啶化合物或其鹽的多晶型物)	December 4, 2020	PRC
20 . .	The Company	2017-567076	The polymorphic forms of phenylaminopyridine compounds or their salts (苯基氨基嘧啶化合物或其鹽的多晶型物)	September 9, 2022	Japan
21 . .	The Company, Shanghai Zelgen	2019110970666	Imidazoquinoline substituted phosphoester agonists and their preparation methods and applications (咪唑並喹啉取代磷酸酯類激動劑及其製備方法和應用)	September 23, 2025	PRC
22 . .	The Company, Shanghai Zelgen	2022-552995	Imidazoquinoline substituted phosphoester agonists and their preparation methods and applications (咪唑並喹啉取代磷酸酯類激動劑及其製備方法和應用)	April 10, 2024	Japan
23 . . .	The Company	201810723340.5	Checkpoint regulator antagonists (檢查點調節物拮抗劑)	November 8, 2024	PRC
24 . .	The Company	201780003917.9	Checkpoint regulator antagonists (檢查點調節物拮抗劑)	May 18, 2021	PRC
25 . .	The Company	15/858,963	Checkpoint regulator antagonists (檢查點調節物拮抗劑)	January 21, 2020	US
26 . .	The Company	42020001154.2	Checkpoint regulator antagonists (檢查點調節物拮抗劑)	January 3, 2025	Hong Kong

No.	Owner	Application Number	Patent Name	Authorization Date	Place of Registration
27 . .	The Company	US16696253	ANTI-PD-1 ANTIBODIES, ANTIGEN-BINDING PORTIONS THEREOF AND CHECKPOINT REGULATOR ANTAGONISTS COMPRISING THE SAME	December 6, 2022	US
28 . .	The Company	US18053878	Checkpoint regulator antagonists (檢查點調節物拮抗劑)	July 8, 2025	US
29 . .	The Company	US 17/164,699	Bispecific T cell engagers (雙特異性T細胞銜接器)	May 7, 2024	US
30 . .	The Company	18612342	Bispecific T cell engagers (雙特異性T細胞銜接器)	December 2, 2025	US
31 . . .	The Company	US16457421	Antitumor immune checkpoint regulator antagonists	March 24, 2020	US
32 . . .	The Company	201980056645.8	Antitumor immune checkpoint regulator antagonists (抗腫瘤免疫檢查點調節拮抗劑)	February 7, 2025	PRC

Patents Pending Registration

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be material to our business:

No.	Applicant	Application Number	Application Date	Patent Name	Place of Application
1 . . .	The Company	22170063.6	June 24, 2016	The polymorphic forms of phenylaminopyridine compounds or their salts (苯基氨基嘧啶化合物或其鹽的多晶型物)	European Patent Office
2 . . .	The Company, Shanghai Zelgen	202210707468.9	June 21, 2022	The preparation process of Jackitinib dihydrochloride monohydrate (傑克替尼二鹽酸鹽一水合物的製備工藝)	PRC
3 . . .	The Company, Shanghai Zelgen	17/755,877	November 11, 2020	Imidazoquinoline substituted phosphoester agonists and their preparation methods and applications (咪唑並喹啉取代磷酸酯類激動劑及其製備方法和應用)	US
4 . . .	The Company, Shanghai Zelgen	20888307.4	November 11, 2020	Imidazoquinoline substituted phosphoester agonists and their preparation methods and applications (咪唑並喹啉取代磷酸酯類激動劑及其製備方法和應用)	European Patent Office
5 . . .	The Company, Shanghai Zelgen	202211203703.5	September 29, 2022	A biodegradable hemostatic powder containing recombinant human thrombin and its preparation methods and uses (一種含重組人凝血酶的生物可降解止血粉及其製備方法和用途)	PRC

No.	Applicant	Application Number	Application Date	Patent Name	Place of Application
6	The Company, Shanghai Zelgen	202210956944.0	August 10, 2022	A process for the preparation of polymorphic forms of a TLR agonist or salts thereof (一種TLR激動劑或其鹽的多晶型物製備)	PRC
7	The Company, Shanghai Zelgen	18/032,930	October 20, 2021	Substituted benzobenzene or pyridopyrimidine amine inhibitors and their preparation methods and applications (取代苯並或吡啶並嘧啶胺類抑制劑及其製備方法和應用)	US
8	The Company, Shanghai Zelgen	2021800700628	October 20, 2021	Substituted benzobenzene or pyridopyrimidine amine inhibitors and their preparation methods and applications (取代苯並或吡啶並嘧啶胺類抑制劑及其製備方法和應用)	PRC
9	The Company, Shanghai Zelgen	21882072.8	October 20, 2021	Substituted benzobenzene or pyridopyrimidine amine inhibitors and their preparation methods and applications (取代苯並或吡啶並嘧啶胺類抑制劑及其製備方法和應用)	European Patent Office
10	The Company	PCT/CN2024/085572	April 2, 2024	A preparation method for high-purity and low-residue recombinant human thrombin and its applications (高純度且低殘留的重組人凝血酶製備方法及其應用)	World Intellectual Property Organization ("**WIPO**")
11	The Company, Shanghai Zelgen	23826454.3	June 20, 2023	The preparation process of Jackitinib dihydrochloride monohydrate (傑克替尼二鹽酸鹽一水合物的製備工藝)	European Patent Office
12	The Company, Shanghai Zelgen	18/876,971	June 20, 2023	The preparation process of Jackitinib dihydrochloride monohydrate (傑克替尼二鹽酸鹽一水合物的製備工藝)	US
13	The Company, Shanghai Zelgen	PCT/CN2025/118786	September 3, 2025	Dicarbonyl compounds and their preparation methods and applications (二羰基類抑制劑及其製備方法和應用)	WIPO
14	The Company	17890428.0	December 29, 2017	Checkpoint regulator antagonists (檢查點調節物拮抗劑)	European Patent Office
15	The Company	2021800268973	February 1, 2021	Bispecific T cell engagers (雙特異性T細胞銜接器)	PRC
16	The Company	EP 21747803.1	February 1, 2021	Bispecific T cell engagers (雙特異性T細胞銜接器)	European Patent Office
17	The Company	18/748,953	June 20, 2024	Multispecific Molecules and Method of Use and Making Thereof	US

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be material to our business:

No.	Domain Name	Owner	Place of Registration	Expiry Date
1 . . .	ZELGEN.COM	The Company	PRC	April 28, 2028
2 . . .	ZELGEN.CN	The Company	PRC	December 18, 2027
3 . . .	ZELGENBIO.COM	The Company	PRC	January 15, 2029
4 . . .	ZELGENPHARMA.COM	The Company	PRC	February 18, 2029
5 . . .	ZELGEN.COM.CN	The Company	PRC	September 1, 2029
6 . . .	澤璟.COM	The Company	PRC	September 22, 2029
7 . . .	澤璟.CN	The Company	PRC	January 5, 2028
8 . . .	澤璟製藥.COM	The Company	PRC	January 5, 2028
9 . . .	澤璟製藥.CN	The Company	PRC	January 5, 2029

FURTHER INFORMATION ABOUT OUR DIRECTORS AND [REDACTED]

Particulars of Directors' Service Contracts and Letters of Appointment

We have entered into a service contract or letter of appointment with each of our Directors in respect of, among others, (i) term of service, (ii) termination, and (iii) dispute resolution mechanism.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

Remuneration of Directors

Save as disclosed in "Directors and Senior Management" in this document and Note 13 to the Accountants' Report in Appendix I to this document, none of our Directors received other remuneration or benefits in kind from the Company in respect of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

Agency Fees or [REDACTED] Received

The [**REDACTED**] will receive an [**REDACTED**] in connection with the [**REDACTED**]. See "[**REDACTED**]." Save in connection with the [**REDACTED**], no [**REDACTED**], [**REDACTED**], agency fee, [**REDACTED**] or other special terms have been paid or is payable by the Group to any person (including the Directors, promotors and experts referred to in the paragraph headed "— Other Information — Qualifications of Experts" below in connection with the issue or sale of any [**REDACTED**] or security of any member of our Group within the two years immediately preceding the date of this document.

Disclosure of Interests

Disclosure of Interests of Directors and Chief Executive of the Company

Save as disclosed below and in "Substantial Shareholders," immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**] and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]), so far as our Directors are aware, none of our Directors or chief executive of the Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange, once the H Shares are [**REDACTED**] on the Stock Exchange.

Name	Position	Nature of interest	Number and description of Shares[(1)]	Approximate percentage of interest in the total issued share capital of the Company as of the Latest Practicable Date	Approximate percentage of interest in the A Shares immediately following the completion of the [REDACTED][(2)]	Approximate percentage of interest in the total issued share capital of the Company immediately following the completion of the [REDACTED][(2)]
Dr. Lyu Binhua . .	Executive Director, executive vice president, deputy general manager and chief scientific officer	Beneficial owner; interests in controlled corporation[(3)]	1,329,310 A Shares	0.50%	[0.50]%	[**REDACTED**]%
Mr. Zhang Junchao	Non-executive Director	Beneficial owner	736 A Shares	0.00%*	[0.00]%*	[**REDACTED**]%*

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]).

(3) As of the Latest Practicable Date, the voting power of Guangzhou Jing'ao in the Company was controlled by its general partner Dr. Lyu Binhua. As a result, Dr. Lyu Binhua is deemed to be interested in the 1,293,960 A Shares held by Guangzhou Jing'ao.

* Denotes less than 0.005%

Disclosure of Interests of Substantial Shareholders

Save as disclosed in "Substantial Shareholders," immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**] and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**]), our Directors are not aware of any other person (not being a Director or chief executive of the Company) who will have interest and/or short position (as applicable) in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange 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 issued voting shares of the Company.

Disclaimers

(i) Save as disclosed in "History, Development and Corporate Structure," none of our Directors nor any of the experts referred to under the paragraph headed "— Other Information — Qualifications of Experts" below has any direct or indirect interest in the promotion of the Company, or in any assets which have, within the two years immediately preceding the date of this document, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(ii) Save in connection with the [**REDACTED**], none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole.

(iii) Save in connection with the [**REDACTED**], none of the experts referred to under the paragraph headed "— Other Information — Qualifications of Experts" below is interested legally or beneficially in any shares in any member of the Group, or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

(iv) Save as disclosed in "— Disclosure of Interests" and "Substantial Shareholders," none of our Directors is a director or employee of a company that has an interest in the share capital of the Company which, once the H Shares are [**REDACTED**] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

(v) So far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of our Group during the Track Record Period.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. A fee of US$700,000 is payable by the Company to the Sole Sponsor to act as the sponsor to the Company in connection with the [**REDACTED**].

Preliminary Expense

The Company did not incur any material preliminary expense.

Promotors

The promoters of the Company are 33 Shareholders of the Company as of February 27, 2019 before our conversion into a joint stock company with limited liability.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promotors in connection with the [**REDACTED**] or the related transactions described in this document.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
SHINEWING (HK) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
JunHe LLP	PRC Legal Adviser
DLA Piper Singapore Pte. Ltd.	International Sanctions Legal Adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent Industry Consultant
Jia Yuan Law Offices	PRC Data Privacy Protection Legal Adviser

Consents of Experts

Each of the experts referred to in the paragraph headed "— Qualifications of Experts" above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in the Company or our subsidiary or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since June 30, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document.

Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(i) Within the two years immediately preceding the date of this document:

  (a) no share or loan capital or debenture of the Company or our subsidiary has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise; and

  (b) no [**REDACTED**], discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or our subsidiary.

(ii) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

(iii) There are no founder, management or deferred shares, convertible debt securities nor any debentures in the Company or any of our subsidiaries.

(iv) The Company has no outstanding convertible debt securities or debentures.

(v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.

(vi) There are no arrangements under which future dividends are waived or agreed to be waived.

(vii) All necessary arrangements have been made to enable our H Shares to be admitted into [**REDACTED**] for clearing and settlement.

(viii) Save for the A Shares of the Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued in connection with the [**REDACTED**], none of the equity or debt securities of the Company, if any, are [**REDACTED**] or [**REDACTED**] with in any other stock exchange nor is any [**REDACTED**] or permission being or proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) the written consents referred to in the paragraph headed "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this document; and

(ii) a copy of the material contract referred to in the paragraph headed "Statutory and General Information — Further Information about Our Business — Summary of Material Contract" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.zelgen.com** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the Accountants' Report prepared by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and unaudited interim consolidated financial statements for the six months ended June 30, 2026;

(iv) the report prepared by SHINEWING (HK) CPA Limited on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix IIA to this document;

(v) the letters from SHINEWING (HK) CPA Limited and the Sole Sponsor relating to the [**REDACTED**] of our Group for the year ended December 31, 2026, the text of which is set out in Appendix IIB to this Document;

(vi) the written consents referred to in the paragraph headed "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this document;

(vii) the material contract referred to in the paragraph headed "Statutory and General Information — Further Information about Our Business — Summary of Material Contract" in Appendix IV to this document;

(viii) the service contracts and the letters of appointment referred to in the paragraph headed "Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this document;

(ix) the PRC legal opinion issued by JunHe LLP, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under PRC law;

(x) the legal opinion issued by DLA Piper Singapore Pte. Ltd. in respect of certain International Sanctions laws matters;

(xi) the legal opinion issued by Jia Yuan Law Offices in respect of certain data protection laws matters;

(xii) the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview"; and

(xiii) the PRC Company Law, the PRC Securities Law and the Trial Measures for Overseas Listing, together with their unofficial English translations.