

CONNECTED TRANSACTIONS

Upon [REDACTED], transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The following persons, with whom we have entered into certain transactions in our ordinary course of business, will become our connected persons as defined under the Listing Rules upon [REDACTED]:

Connected Persons	Connected Relationship
AstraZeneca Investment (China) Limited (“ AstraZeneca Investment ”)	Each an associate of AZAB, a substantial shareholder of our Company
AZUK	

SUMMARY OF THE TRANSACTIONS

Nature of Transaction	Connected Person	Proposed Annual Cap (RMB in thousand)	Waiver Sought
Property Lease Agreement			
<i>One-off Connected Transaction</i>			
Lease of properties from AstraZeneca Investment	AstraZeneca Investment	N/A	N/A
<i>Partially-exempt Continuing Connected Transaction</i>			
Property management services from AstraZeneca Investment	AstraZeneca Investment	For the year ending December 31, 2026: 11,839.00 2027: 11,839.00	Announcement
AstraZeneca Agreement			
<i>Non-exempt Continuing Connected Transaction</i>			
Product Licensing and Compound and Product Supply under the AstraZeneca Agreement	AZUK	N/A	Waiver from strict compliance with (i) the annual cap requirement under Rule 14A.53; (ii) the three-year contractual term requirement under Rule 14A.52; and (iii) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules

PROPERTY LEASE AGREEMENT

One-Off Connected Transaction

1. Lease of Properties

Description of the transaction

We entered into a property lease agreement (the “**Property Lease Agreement**”) with AstraZeneca Investment, pursuant to the original lease commencing from January 1, 2018, as renewed for a term from January 1, 2023 to December 31, 2027, we agreed to lease properties with a total gross area of approximately 8,112.67 sq.m. located at Building 4, No. 199 and 245 Liangjing Road, Pilot Free Trade Zone, Shanghai, PRC (the “**Leased Premises**”). The Leased Premises are used by our Company for daily operations and business, such as R&D activities, office spaces and staffing. The Property Lease Agreement was entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm’s length basis, and (iii) on normal commercial terms or better with the rents being agreed with reference to the prevailing market rates of comparable properties in the locality and acreage of the properties.

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The balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the Property Lease Agreement according to IFRS16 as of June 30, 2026 amounted to RMB16.6 million. For the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, the right-of-use assets in connection with the Property Lease Agreements were approximately RMB50.2 million, RMB35.1 million, RMB22.5 million and RMB16.3 million, respectively.

Reasons and benefits of the transaction

It is a common practice in the pharmaceutical industry that an R&D driven company, like us, operates by leasing properties so as to allocate a substantial part of its cash flow into R&D activities.

We have been leasing the relevant properties from AstraZeneca Investment during the Track Record Period. While we are also actively identifying and assessing suitable alternative properties in the market to cater for potential needs upon expiration of the Property Lease Agreement, continuously leasing the relevant properties from AstraZeneca Investment can reduce our costs associated with identifying new premises and engaging in prolonged negotiations of lease agreements with third party property owners. Additionally, given that any relocation of facility or change of the current arrangements under the currently effective property lease agreement may cause certain disruption to our business operation and incur additional relocation costs, it is cost efficient and beneficial to our operations to continue leasing the relevant properties from AstraZeneca Investment. In light of the foregoing, our Directors are of the view that such arrangement is fair and reasonable and in the best interest of our Group and Shareholders as a whole.

Listing Rules implications

IFRS 16 (Leases) requires a lessee to recognize assets and liabilities for lease with a term of more than 12 months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in future. In accordance with IFRS 16, our Group recognized a right-of-use asset on the statement of financial position in connection with the lease under the Property Lease Agreement. Therefore, the leases under the Property Lease Agreement are regarded as an acquisition of a capital asset of our Group and a one-off connected transaction entered into by our Group prior to the [REDACTED], rather than a continuing connected transaction, for the purposes of the Listing Rules. Accordingly, the reporting, announcement, annual review, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules will not be applicable.

Partially-exempt Continuing Connected Transaction

2. *Property management services from AstraZeneca Investment*

Principal terms

Pursuant to the Property Lease Agreement, AstraZeneca Investment also provides us with property management and related services in respect of the Leased Premises under the Property Lease Agreement, including daily facility maintenance and engineering support, 24-hour security, cleaning, gardening and environmental, health and safety services, repair and replacement of fixtures and facilities, and provision of common areas and facilities, which facilitate the efficient and orderly business operation of our Group.

Reasons and benefits of the transaction

As compared with independent third-party property management service providers, AstraZeneca Investment has a better understanding of the requirements of the Leased Premises, which house cleanrooms, facilities and round-the-clock laboratory equipment requiring specialized maintenance, environmental control and waste treatment. As the lessor of the Leased Premises, AstraZeneca Investment has existing infrastructure and a dedicated team on-site, enabling it to provide comprehensive and responsive property management and related services to us in a coordinated and efficient manner, which ensures the continuity, safety and regulatory compliance of our research and development operations.

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The Directors (including the independent non-executive Directors) are of the view that the transactions under the property management and related services arrangement have been and will be conducted in the ordinary and usual course of business of our Group, on normal commercial terms or better, and that the terms thereof and the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Pricing policies

Our Group shall pay property management service fees to AstraZeneca Investment, which comprise (a) a fixed annual property management and service fee of RMB2,499,000 (exclusive of VAT), which is payable on a quarterly basis; and (b) utilities and other ancillary charges actually incurred, charged at cost with reference to monthly settlement statements issued by AstraZeneca Investment and settled quarterly. The pricing of the property management and related services was determined after arm’s length negotiations between the parties with reference to (i) the prevailing market property management service fees offered by third party property management service providers for comparable property in similar location or of similar type, size and/or quality; (ii) the scope of services to be provided; and (iii) the estimated servicing costs (including, without limitation, labor costs in connection with the property management services). The pricing terms of the property management and related services are no less favourable to our Group than those available from independent third parties for comparable services.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the historical transaction amounts with respect to the provision of property management and related services (comprising the property management and service fee, utilities and other ancillary charges) by AstraZeneca Investment were RMB10.5 million, RMB9.5 million, RMB8.9 million and RMB4.2 million, respectively.

Annual caps and basis of determination

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to AstraZeneca Investment for provision of property management and related services under the remaining term of the Property Lease Agreement:

	Proposed annual caps for the year ending December 31,	
	2026	2027
	(RMB in thousand)	
Fees paid by us to AstraZeneca Investment for provision of property management services . .	11,839	11,839

The proposed annual caps are determined based on: (i) the historical amounts of property management and related service fees paid by us to AstraZeneca Investment during the Track Record Period; (ii) the fixed annual property management and service fee under the Property Lease Agreement, which remains unchanged during the remaining term of the Property Lease Agreement; (iii) the expected level of utilities consumption and utility prices, and other ancillary charges to be incurred at cost based on actual consumption; and (iv) a buffer for fluctuations in utilities consumption and service scope during the remaining term of the Property Lease Agreement.

The property management and related services arrangement under the Property Lease Agreement will expire on December 31, 2027. Upon any renewal or extension of the Property Lease Agreement or the services arrangement thereunder, our Company will re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

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Internal control measures adopted in respect of continuing connected transactions

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

- we have adopted and implemented a management system on connected transactions. Under such system, the Audit Committee under the Board is responsible for the review on compliance with relevant laws, regulations, our Company’s policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of our Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the Audit Committee under the Board, the Board and various internal departments of our Company also regularly monitor the fulfillment status and the updates in relation to the continuing connected transactions. In addition, the management of our Company also regularly reviews the pricing policies of the continuing connected transactions;
- our finance department has designated personnel to review and confirm the monthly settlement statements issued by AstraZeneca Investment for utilities and other ancillary charges before payment, and monitors the cumulative transaction amounts on a quarterly basis to ensure that the proposed annual caps will not be exceeded;
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules; and
- when considering the service fees and other fees provided by us to the above connected persons, our Company will continue to regularly research the prevailing market conditions and practices and make reference to the pricing and terms for similar transactions between our Company and Independent Third Parties, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable to our Company than those available from Independent Third Parties.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the proposed annual caps for the property management and related services arrangement for each of the two years ending December 31, 2027 is expected to be more than 0.1% but less than 5% on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules, but exempt from the independent Shareholders’ approval requirements under Rule 14A.36 of the Listing Rules.

Waiver from strict compliance with announcement requirements

In respect of the partially-exempt continuing connected transaction as described above, we have applied for, [and the Stock Exchange has granted us,] a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

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ASTRAZENECA AGREEMENT

Non-Exempt Continuing Connected Transaction

Principal terms

On July 14, 2026, our Company entered into a license agreement (the “**AstraZeneca Agreement**”) with AZUK, pursuant to which our Company has agreed to grant to AZUK, with effect from the Effective Date (as defined below), an exclusive, transferable license (the “**Product Licensing**”), with the right to grant sublicenses through multiple tiers, to exploit: (a) sunvozertinib, any other compound covered by or disclosed in our existing patent rights listed in the AstraZeneca Agreement, and certain forms thereof (each, a “**Licensed Compound**”), and (b) any pharmaceutical or biologic product that is comprised of or contains a Licensed Compound as an active ingredient, including ZEGFROVY® (each, a “**Licensed Product**”), and diagnostics related to the foregoing solely for use in connection with a Licensed Product, in the entire world (the “**Territory**”), provided that any country with respect to which the AstraZeneca Agreement is terminated in accordance with its terms shall cease to form part of the Territory. The AstraZeneca Agreement will become effective on the date on which all conditions precedent thereunder are satisfied (or, where applicable, waived in accordance with its terms) (the “**Effective Date**”). We also retained the right to conduct certain ongoing combination studies in respect of the Licensed Products, for which AZUK has granted back a non-exclusive, royalty-free license to our Group. For further details, see “Business — License Agreement with AstraZeneca — Grant of Rights”.

In addition, pursuant to the AstraZeneca Agreement, following the Effective Date and until the successful completion of the transfer of the manufacturing process and related CMC know-how for the Licensed Products to AZUK (or its designee) under the AstraZeneca Agreement (the “**Manufacturing Technology Transfer Completion**”), our Group will manufacture and supply, or procure the manufacture and supply of, Licensed Compounds and Licensed Products (the “**Compound and Product Supply**”) to AZUK, its affiliates and its sublicensees for their development and commercialization of the Licensed Products in the Territory, including, in particular, the supply of commercial quantities of the Licensed Products for the commercialization in the PRC. Upon AZUK’s request, we will also deliver initial quantities of the Licensed Compounds and Licensed Products and related materials as agreed under the AstraZeneca Agreement. The parties may, upon AZUK’s request, enter into a clinical supply agreement and/or a commercial supply agreement, pending which our Group will manufacture and supply in accordance with the terms of the AstraZeneca Agreement. AZUK will pay our Group for such supplies at the prices and on the terms set out in the AstraZeneca Agreement and the relevant supply agreements. For details, see “Business — License Agreement with AstraZeneca — Manufacturing Activities”.

As of the Latest Practicable Date, the AstraZeneca Agreement had not become effective. For further details of the principal terms of the AstraZeneca Agreement, see “Business — License Agreement with AstraZeneca”.

Payments and consideration

In consideration of the rights to be granted to AZUK with effect from the Effective Date, AZUK is required to make an upfront payment and various milestone and royalty payments to us of up to US\$1.5 billion in aggregate (excluding royalties) as follows:

Upfront Payment:	AZUK agreed to make a one-time, non-refundable and non-creditable upfront payment of US\$600 million to us, payable within 30 days following receipt of a valid invoice on or after the Effective Date.
Development Milestone Payments:	We are eligible for one-time, non-refundable and non-creditable development milestone payments potentially up to an aggregate of US\$400.0 million from AZUK, subject to the achievement of specified development and regulatory milestone events for ZEGFROVY®, as further described in “Business — License Agreement with AstraZeneca — Commercial Terms”.

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Sales Milestone Payments:	We are eligible for one-time, non-refundable and non-creditable net sales milestone payments potentially up to an aggregate of US\$500.0 million, triggered when the total net sales of all Licensed Products by AZUK, its affiliates and sublicensees throughout the Territory in a calendar year first reach specified thresholds, as further described in “Business — License Agreement with AstraZeneca”.
Royalty Payments:	Upon commercialization, we are eligible for tiered royalties of up to low-double-digit percentages on the aggregate annual net sales of all Licensed Products by AZUK, its affiliates and sublicensees in the Territory, subject to certain adjustments. We are generally entitled to receive royalties on a Licensed Product-by-Licensed Product, country-by-country basis from the first net sale until the expiry of the applicable royalty term. For details, see “Business — License Agreement with AstraZeneca — Commercial Terms”.

The consideration under the AstraZeneca Agreement was determined after arm’s length negotiations between our Group and AZUK, having taken into account the development stage and market potential of the Licensed Products, the global development and commercialization capability of AZUK, and the prevailing market practice for comparable licensing transactions in respect of innovative oncology drugs.

The payments receivable by us from AZUK for the Compound and Product Supply will be determined in accordance with the following formula:

Payments receivable by us for the product supply = unit supply price × quantity of the Licensed Compounds and Licensed Products supplied

The unit supply price is or will be determined as follows: (a) at the determined supply prices per unit set out in the AstraZeneca Agreement, which were determined after arm’s length negotiations with reference to our manufacturing costs; and (b) for other supplies (including drug substance, drug product and matching placebo, other than those described in (a)), at our fully burdened manufacturing costs for such supplies plus a mark-up equivalent to an agreed margin determined after arm’s length negotiations. Such pricing was determined after arm’s length negotiations between the parties on normal commercial terms, with reference to factors including our fully burdened manufacturing costs expected to be incurred by us (including, without limitation, raw materials, labor and manufacturing overheads). The pricing terms of the Compound and Product Supply are no less favourable to our Group than those offered by our Group to independent third parties for comparable supplies.

The Directors consider that the consideration is fair and reasonable and in the interest of our Company and the Shareholders as a whole because (i) the terms of the AstraZeneca Agreement, including the formula set out above, were determined after arm’s length negotiation between our Group and AZUK and in the ordinary and usual course of our business; (ii) as confirmed by CIC, it is common practice in the pharmaceutical industry for a licensor to receive an upfront payment, milestone payments and sales-based royalties, so that the licensor continues to share in the value that the licensee creates from the licensed product; (iii) taking into account the development stage, market potential and remaining patent life of the Licensed Products, together with the development, regulatory and commercialization costs to be borne by AZUK, the payment structure and the royalty rates to be enjoyed by our Group are in line with the industry practice for arrangements of a similar nature.

Transition services

Following the Effective Date, AZUK will have the sole right, at its own expense, to develop, seek regulatory approval for, commercialize and manufacture the Licensed Products throughout the Territory. To enable AZUK to assume these activities, our Group will perform certain transition activities under the AstraZeneca Agreement, the scope, timelines and budget of which are set out in a transition services plan agreed with AZUK. In addition, following the Effective Date and until the Manufacturing Technology Transfer Completion, our Group will manufacture and supply, or procure the manufacture and supply of, Licensed Compounds and Licensed Products for AZUK and its affiliates and sublicensees. For further details, see “Business — License Agreement with AstraZeneca — Manufacturing Activities”.

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Contractual term

Unless terminated earlier, upon the Effective Date the AstraZeneca Agreement will remain in force until the expiration of the last royalty term for the last Licensed Product. Upon expiration of the royalty term for a Licensed Product in a country, the license granted to AZUK for that Licensed Product in that country becomes fully paid-up, royalty-free, perpetual and irrevocable. For details of the royalty term and the termination provisions, see “Business — License Agreement with AstraZeneca — Commercial Terms and — Term and Termination”.

Reasons for and benefits of the transaction

We entered into the AstraZeneca Agreement for the following reasons:

- (i) the AstraZeneca Agreement will advance our global strategy by accelerating the global development and commercialization of the Licensed Products. During the Track Record Period, the commercialization of our approved products was conducted in Chinese Mainland. In selecting overseas partners, we focus on their proven commercialization capabilities, established sales and distribution networks and strategic fit. Through the AstraZeneca Agreement, we leverage the global oncology platform, regulatory expertise and commercial infrastructure of AZUK to advance the registration, market access and commercialization of the Licensed Products outside Chinese Mainland, which will accelerate the pace at which the Licensed Products reach patients in global markets and is consistent with our strategy of expanding the global reach of our product portfolio;
- (ii) the payments structure under the AstraZeneca Agreement will further optimize our cash flow structure and accelerate the recovery of our earlier R&D investment. In particular, the Upfront Payment provides our Group with immediate and certain cash proceeds upon effectiveness of the AstraZeneca Agreement, whereas the Milestone Payments and the Royalty Payments allow us to continue to share in the economic value of the Licensed Products as AZUK obtains overseas approvals and expands the approved indications. These proceeds will therefore provide stable funding for the continued development of our pipeline and reduce our reliance on external financing;
- (iii) the AstraZeneca Agreement allocates risks and responsibilities between our Group and AZUK according to their respective strengths. We will continue to focus our resources on source innovation, translational science and pipeline development, whereas AZUK will assume the substantial capital commitment and execution risk associated with global registration, market access and commercialization. Accordingly, we can concentrate our resources on source innovation and pipeline advancement, while the global development and commercialization of the Licensed Products proceeds in parallel under the AstraZeneca Agreement; and
- (iv) the transitional supply arrangements are an integral part of the global out-license of ZEGFROVY[®] (sunvozertinib) to AZUK under the AstraZeneca Agreement. Given the complexity of the manufacturing process of the Licensed Products, the Manufacturing Technology Transfer Completion is expected to take a considerable period of time to achieve. The transitional supply arrangements enable AZUK to carry out uninterrupted development and commercialization of the Licensed Products in the Territory pending the Manufacturing Technology Transfer Completion, which is crucial to the continued clinical progress of, and continued market access of patients to, ZEGFROVY[®] (sunvozertinib), and in turn safeguards the milestone and royalty income stream of our Group under the AstraZeneca Agreement. We are currently the sole manufacturer of the Licensed Products with the requisite GMP manufacturing facilities, technical know-how and regulatory approvals, and are therefore best placed to supply the Licensed Products during the transitional period. The supply pricing, comprising determined supply prices for the initial supply and for supplies of Licensed Products in the PRC during an agreed initial period, and fully burdened manufacturing costs plus an agreed margin for other supplies, is in line with the industry practice for transitional supply arrangements in pharmaceutical licensing transactions, where the licensor typically supplies the licensed products at fixed prices or at its manufacturing cost plus a reasonable mark-up.

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Taking into consideration the above and the corporate governance measures set out below, we believe that the AstraZeneca Agreement is in the interest of our Company and the Shareholders as a whole.

Corporate governance measures in evaluation of collaboration arrangements

During the ordinary and usual course of business of our Company, we review potential product transfer, acquisition and licensing opportunities from time to time. When potential opportunity arises, we would normally assess the advantages and development prospect of the product, market forecasts for the demand of the product, competitive landscape and regulatory requirements of the product for that market as well as the regulatory and commercial capability of the potential business partner to commercialize the product. Furthermore, our business development team routinely evaluates product transfer, acquisition and licensing arrangements by third parties in respect of drug products with similar mechanism of action for deal benchmarking and for term sheet evaluation purposes.

In addition, our senior management leads commercial negotiations with potential business partners, and they independently evaluate the terms taking into account all relevant factors as we consider necessary. Whether we enter into a transaction is decided purely on commercial considerations, and we proceed only if we consider that the arrangement is in the best interest of our Company and the Shareholders.

Historical transaction amounts

As the AstraZeneca Agreement had not become effective as of the Latest Practicable Date, there were no fees paid by AZUK, or any transaction amounts generated out of the implementation of the AstraZeneca Agreement, during the Track Record Period and up to the Latest Practicable Date.

Annual caps

Pursuant to Rule 14A.53 of the Listing Rules, a listed issuer is required to set an annual cap for its continuing connected transactions. As it is impracticable to set a monetary annual cap for the transactions under the AstraZeneca Agreement for the reasons set out in “— Waiver from strict compliance with annual cap requirements” below, we have applied for, [and the Stock Exchange has granted us,] a waiver from strict compliance with Rule 14A.53 of the Listing Rules. In lieu of a monetary annual cap, the transaction amounts under the AstraZeneca Agreement are or will be determined in accordance with the following formulas:

- (i) the Upfront Payment: a fixed one-time amount of US\$600 million;
- (ii) the Development Milestone Payments and the Sales Milestone Payments: the fixed amounts set out in the AstraZeneca Agreement upon the achievement of the relevant milestone events, up to US\$400.0 million and US\$500.0 million in aggregate, respectively;
- (iii) the Royalty Payments: the applicable tiered royalty rate (up to low-double-digit percentages) $\times$ the aggregate annual net sales of all Licensed Products by AZUK, its affiliates and sublicensees in the Territory, subject to certain adjustments; and
- (iv) the Compound and Product Supply: unit supply price $\times$ quantity of the Licensed Compounds and Licensed Products supplied, where the unit supply price is or will be determined as described in “— Payments and consideration” above.

We currently expect to receive the Upfront Payment following the Effective Date. Save as aforesaid, the timing and amounts of the Milestone Payments, the Royalty Payments, the payments for the Compound and Product Supply during the initial waiver period referred to in “— Waiver from strict compliance with annual cap requirements” below cannot be estimated with certainty.

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Internal control measures

To monitor the transactions under the AstraZeneca Agreement, we have adopted the following internal control measures:

- (a) our Company has designated a dedicated project team comprising members from our business development, finance and legal departments to manage and monitor the performance of the AstraZeneca Agreement (including the Compound and Product Supply), to ensure that the transactions are undertaken in accordance with the terms of the AstraZeneca Agreement and the pricing policies described above;
- (b) our finance department maintains detailed records of the fully burdened manufacturing costs of, and the quantities of, the Licensed Compounds and Licensed Products supplied, which form the basis of the supply invoices, and reviews the settlement statements and invoices in relation to the Compound and Product Supply and the transition services;
- (c) our senior management supervises the compliance with the terms of the AstraZeneca Agreement and the applicable Listing Rules requirements (to the extent not waived by the Stock Exchange) on a regular basis; and
- (d) our independent non-executive Directors and auditors will conduct annual review of the transactions under the AstraZeneca Agreement and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules, respectively.

If there is any material change to the terms of the AstraZeneca Agreement (including the payment structure or the formulas for calculating the transaction amounts), our Company will re-comply with the applicable requirements under Chapter 14A of the Listing Rules, including seeking independent Shareholders’ approval where required.

Listing Rules implications

Since the highest applicable percentage ratio in respect of the transactions under the AstraZeneca Agreement as we currently expect is no less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The AstraZeneca Agreement and the transactions contemplated thereunder were considered and approved by the independent shareholders of our A Shares at a general meeting of our Company held on July 30, 2026, at which AZAB abstained from voting as required under the listing rules of the Shanghai Stock Exchange.

Waiver from strict compliance with announcement, circular and independent shareholders’ approval requirements

As the continuing connected transactions under the AstraZeneca Agreement are expected to continue on a recurring basis and extend over a considerable period of time, and the transaction amounts thereunder (including the contingent Milestone Payments, the sales-based Royalty Payments, the volume-based supply payments and the cost-based reimbursements) will arise from time to time in accordance with the terms of the AstraZeneca Agreement, our Directors consider that strict compliance with the announcement, circular and independent Shareholders’ approval requirements each time a transaction amount arises would be impractical, would be unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied to the Stock Exchange for, [and the Stock Exchange has granted us,] a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement, circular and independent Shareholders’ approval requirements in respect of the above non-exempt continuing connected transactions.

We have further applied for, and the Stock Exchange [has granted] us the waiver from strict compliance with the requirements under Rule 14A.53 of the Listing Rules in respect of the continuing connected transactions under the AstraZeneca Agreement subject to the following conditions:

- (i) our Company will comply with the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the AstraZeneca Agreement;

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- (ii) our Company will designate a team to execute and ensure that the transactions in relation to the AstraZeneca Agreement are undertaken in accordance with the terms of the AstraZeneca Agreement;
- (iii) our senior management will use their best endeavours to supervise the compliance with the terms of the AstraZeneca Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;
- (iv) the independent non-executive Directors and the auditors of our Company will review the transactions in relation to the AstraZeneca Agreement on an annual basis and confirm in our annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;
- (v) our Company will disclose in this document the background for entering into of the AstraZeneca Agreement and the terms thereof, the grounds for the waiver sought and the Directors' views on the fairness and reasonableness of the transactions under the AstraZeneca Agreement;
- (vi) the formula for calculating the transaction amounts under the AstraZeneca Agreement, as well as the actual transaction amounts, will be disclosed in the Company's interim and annual reports;
- (vii) any amendments to the formula for calculating the transaction amounts under the AstraZeneca Agreement will be subject to the approval of independent Shareholders; and
- (viii) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this document on the above continuing connected transactions, our Company will take immediate steps to ensure compliance with such new requirements.

Waiver from strict compliance with contractual term requirements

Rule 14A.52 of the Listing Rules provides that the period for the agreement of a continuing connected transaction must not exceed three years, except in special circumstances where the nature of the transaction requires a longer period. As it is impracticable and extremely difficult for us to set a contractual term not exceeding three years in respect of the AstraZeneca Agreement, we have applied to the Stock Exchange for, and the Stock Exchange [has granted us], a waiver under Rule 14A.52 of the Listing Rules from strict compliance with the contractual term requirements, for the following reasons:

- (i) the Licensed Products have a product life cycle of more than three years from the development stage to commercialization. Before our Group and AZUK can realize the commercial value of the licensed rights, AZUK must obtain marketing approvals in multiple jurisdictions and secure market access for the Licensed Products in the relevant licensed territory. Each of these steps takes years to complete;
- (ii) a long-term arrangement is necessary and critical to the product development and to the stability of our future cash flows, and maintaining a long-term cooperative relationship with AZUK is critical to our businesses and development. In particular, AZUK will commit substantial capital and effort to the global development and commercialization of the Licensed Products, and it would be impracticable to commit so unless the licensed rights were granted for the full duration of the royalty terms;
- (iii) a contractual arrangement of indefinite term is necessary and critical to the sustainability of our business and to ensure our smooth and continued operations, as well as stable revenue and cash flows from the future commercialization of the Licensed Products. If the AstraZeneca Agreement is subject to renewal every three years and independent shareholders' approval, we may face the unnecessary and substantial risks of failing to renew such agreement upon expiry and bringing disruptions to the commercialization of the Licensed Products, and losing our competitive advantages. This may even prevent us from carrying on our business, bringing uncertainty to our continued operation; and

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- (iv) the Compound and Product Supply is an integral and transitional part of the arrangements under the AstraZeneca Agreement. Given the complexity of the manufacturing process of the Licensed Products, the Manufacturing Technology Transfer Completion is expected to take a considerable period of time and may not be achieved within three years, and the supply of Licensed Products in the PRC is expected to continue under a separate supply agreement. Imposing a contractual term of three years or less would disrupt the continuity of supply of the Licensed Compounds and Licensed Products to AZUK and, in turn, the uninterrupted development and commercialization of the Licensed Products and the milestone and royalty income stream of our Group;
- (v) as confirmed by CIC, a term running until the expiry of all royalty terms, rather than a fixed term of three years, is in line with the prevailing practice in the pharmaceutical industry for out-licensing transactions of similar nature;
- (vi) our Directors are of the view that the terms arrangement is in the interest of our Company and our Shareholders as a whole; and
- (vii) if there is any material change to the terms of the AstraZeneca Agreement, our Company will re-comply with the provisions of Chapter 14A of the Listing Rules applicable to such transactions, including seeking independent Shareholders’ approval where the case may so require.

Waiver from strict compliance with annual cap requirements

Under Rule 14A.53 of the Listing Rules, the listed issuer must set an annual cap for the continuing connected transactions. The Directors believe that strict compliance with the requirements of Rule 14A.53 of the Listing Rules for setting a fixed monetary annual cap in respect of the AstraZeneca Agreement is impracticable and not in the best interests of the Shareholders. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the annual cap requirement under Rule 14A.53 of the Listing Rules for the following reasons:

- (i) the AstraZeneca Agreement had not become effective as of the Latest Practicable Date, and no payment (whether by way of upfront payment, milestone payment, royalty payment, product supply or service amounts) had been generated thereunder. We therefore have no historical transaction amount or data with which to establish a reliable model to estimate the future global sales of the Licensed Products or the timing of the milestone events. Whether and when a milestone event is achieved depends on regulatory review in multiple jurisdictions and on the development and commercialization progress of AZUK, while the amount of the Royalty Payments depends on the addressable market, drug pricing, reimbursement status, competitive landscape and patient access in each market, all of which are beyond the control of our Group. Even if we were able to set up a projection model for estimation purposes, such a model would only present hypothetical predictions rather than conclusions drawn from historical data, and it could therefore be inaccurate and unreliable. Similarly, the quantities of the Licensed Compounds and Licensed Products to be supplied under the Compound and Product Supply will depend on AZUK’s development and commercialization plans, market demand in the Territory and the timing of the Manufacturing Technology Transfer Completion, all of which are beyond the control of our Group, such that any monetary cap on the supply amounts would be an arbitrary estimate;
- (ii) imposing an arbitrary monetary cap on the payments under the AstraZeneca Agreement does not demonstrate commercial reasonableness as it would go against the commercial objective in terms of product development and be counter-productive as far as the interests of our Group, AZUK and their respective shareholders are concerned. Further, if the actual Milestone Payments, Royalty Payments or supply amounts exceeded the cap, our Group would have to suspend receipt of the relevant payments or suspend the supply of the Licensed Compounds and Licensed Products until the requisite Shareholders’ approval was obtained, which would disrupt the performance of the AstraZeneca Agreement by both parties, interrupt the Compound and Product Supply and could delay patients’ access to the Licensed Products in the relevant markets;

CONNECTED TRANSACTIONS

- (iii) the disclosure of the annual caps in monetary terms would in effect provide our Shareholders and investors, as well as our competitors, with an indication of the sales forecast for the Licensed Products and of our estimated future revenue. The disclosure of such information is highly sensitive and would therefore put our Company in a disadvantageous position in relation to its business operation and its competition with other market players. In addition, the determined supply prices and our manufacturing cost structure under the Compound and Product Supply are commercially sensitive, the disclosure of which (whether directly or through a monetary cap from which they could be derived) would prejudice the business interests of our Group;
- (iv) instead of setting a fixed annual cap on the payments under the AstraZeneca Agreement, we will re-comply with the applicable rules under Chapter 14A of the Listing Rules, including seeking independent Shareholders' approval where the case may so require, if there is any material change to the payment structure or to the formula for calculating the transaction amounts (including the royalty rates) under the AstraZeneca Agreement, so as to further ensure the interests of the Shareholders of our Company as a whole; and
- (v) the waiver from strict compliance with Rule 14A.53 of the Listing Rules will be for an initial period commencing on the [REDACTED] and ending on December 31, [2029]. Upon expiry of such initial period, our Company will reassess, taking into account (among others) the potential market of the Licensed Products, drug pricing and the historical transaction amounts, whether it is practicable to set monetary annual caps for the transactions under the AstraZeneca Agreement; if so, our Company will set monetary annual caps and re-comply with the applicable requirements under Chapter 14A of the Listing Rules; if not, our Company will seek a further waiver from the Stock Exchange.

CONFIRMATION FROM THE DIRECTORS

Our Directors, including the independent non-executive Directors, are of the view that: (i) the continuing connected transactions as set out above have been and/or will be entered into in the ordinary and usual course of our business, on normal commercial terms or terms better to us, that are fair and reasonable and in the interest of us and our Shareholders as a whole; (ii) the proposed annual caps for provision of property management services under the Property Lease Agreement, and the absence of annual caps under the terms of the AstraZeneca Agreement are fair and reasonable and in the interests of our Company and the Shareholders as a whole; (iii) the indefinite term of the AstraZeneca Agreement is in accordance with normal business practice for agreements of this nature, and the purpose of the AstraZeneca Agreement is to provide stability and certainty to the business of our Company and that therefore the indefinite term of the transactions contemplated thereunder is fair and reasonable, and in the interests of Shareholders as a whole; and (iv) apart from those for which waivers have been sought, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE JOINT SPONSORS

Taking into account the Directors' views as stated above and the due diligence measures conducted by the Joint Sponsors, the Joint Sponsors are of the view that: (i) the continuing connected transactions as set out above have been and/or will be entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole; (ii) the proposed annual caps for provision of property management services under the Property Lease Agreement, and the absence of annual caps under the terms of the AstraZeneca Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the indefinite term of the AstraZeneca Agreement is in accordance with normal business practice, and the purpose of the AstraZeneca Agreement is to provide stability and certainty to the business of the Company and that therefore the indefinite term of the transactions contemplated thereunder is fair and reasonable, and in the interests of Shareholders as a whole.