

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before making an [REDACTED] in our H Shares. Particularly, we are a biotech company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your [REDACTED] given the nature of biotech industry.

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 will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

We believe there are certain risks and uncertainties involved in an [REDACTED] in our H Shares, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the development of our product candidates; (ii) risks relating to the manufacturing and commercialization of our product candidates; (iii) risks relating to our financial position and need for additional capital; (iv) risks relating to extensive government regulation; (v) risks relating to our intellectual property rights; (vi) risks relating to our operations; (vii) risks relating to the [REDACTED].

Additional risks and uncertainties that are presently not known to us or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO THE DEVELOPMENT OF OUR PRODUCT CANDIDATES

We depend substantially on the success of our product candidates, all of which are undergoing preclinical or clinical development. If we are unable to successfully complete clinical development of our product candidates, or experience significant delays in doing so, our business prospects will be significantly impacted.

Our business will depend on the successful development of our existing product candidates and new product candidates that we may identify and develop. As of the Latest Practicable Date, we had developed a pipeline of five clinical-stage product candidates, including two Core Products, namely VVN461(HD) and VVN001, and three other product candidates. Our product candidates will require further preclinical and/or clinical development before they could obtain regulatory approval in China and potentially other jurisdictions. We cannot guarantee you that we can successfully complete the preclinical and clinical development of any of our existing product candidates in a timely manner, or at all.

We are a biotech company focused on ophthalmic therapies. The development for such drugs is a complex and challenging process due to various factors, including but not limited to: (i) complicated mechanisms of ophthalmic diseases, which are multifactorial disorders that may involve genetic and environmental factors and interactions between different ocular tissues, cell types and signaling pathways; (ii) limited understanding of the relevant pathogenesises, such as non-infectious anterior uveitis and dry eye disease, despite significant advances in the research of ophthalmic diseases in recent years; (iii) heterogeneous patient populations with varying symptoms, disease severity and responses to a specific therapy; (iv) complex standards for drug evaluation, which requires the use of multiple endpoints, including functional measures, symptom-based

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measures, and anatomical or clinical signs; and (v) specific safety and tolerability considerations associated with topical ocular administration, including risks of ocular and systemic adverse events such as ocular surface irritation, intraocular inflammation, infection, elevations in intraocular pressure, allergic reactions and local or systemic toxicities. Therefore, the development of ophthalmic drugs is a complex and challenging process that requires a deep understanding of disease pathogenesis, careful selection of patient populations and rigorous evaluation of drug safety and efficacy.

For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, our research and development expenses amounted to RMB128.3 million, RMB94.4 million and RMB56.9 million, respectively. The success of our product candidates in terms of preclinical or clinical development will depend on a number of factors, including:

- successful completion of preclinical studies;
- receipt of regulatory approvals for our clinical trials;
- successful enrollment of patients in, and completion of, clinical trials;
- favorable safety and efficacy data from our clinical trials and other studies;
- our ability to engage qualified CDMOs to ensure supply of our product candidates for clinical use;
- our ability to effectively and simultaneously design, manage and supervise a significant number and range of clinical trials;
- our ability to reach agreements on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to negotiation and may vary among different CROs and trial sites;
- the performance by CROs, or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- our ability to control clinical trial-related costs;
- our ability to obtain sufficient supplies of competitor drugs that may be necessary for use in clinical trials for evaluation of our product candidates;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity; and
- ensuring that we do not infringe upon, misappropriate or otherwise violate the patents, trade secrets or other intellectual property rights of third parties, and successfully defending against any claims by third parties against us on these fronts.

If we do not achieve one or more of these factors in a timely manner, or at all, we could experience significant delays in completing or be unable to complete the preclinical or clinical development of our product candidates, resulting in our inability to obtain regulatory approval for our product candidate. As a result, we may fail to generate sufficient revenue or cash flow from product sales to continue our operations, in which event our financial condition, results of operations and business prospects will be materially and adversely affected.

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Our product candidates will be subject to intense competition after commercialization and may fail to compete effectively against competitors.

We compete in the ophthalmic drug industry. The global ophthalmic drug market is highly competitive and is characterized by extensive research efforts. In particular, according to Frost & Sullivan, competition within global ophthalmic drug market is expected to continue to intensify in the following years, primarily due to growing efforts among pharmaceutical companies to address the vast underserved medical needs in the field, favorable government policies and expansion of approved ophthalmic drugs and indications. As a result, we will face intense competition with respect to any product candidates that we may seek to develop or commercialize in the future.

Many of our product candidates will face competition from ophthalmic drugs developed by major international and domestic pharmaceutical companies with the same targets as ours. For example, VVN461(HD), our JAK inhibitor eye drop candidate for the treatment of NIAU, faces potential competition from FXS5626 in China and brepocitinib globally, both of which were in the clinical stage as of the Latest Practicable Date. VVN001, a second-generation LFA-1 antagonist eye drop for the treatment of DED, competes with lifitegrast, the approved first-generation LFA-1 antagonist. The ability of our product candidates to successfully compete with other drugs of the same targets will depend on various factors, including the timing of regulatory approval, the efficacy and safety profile of our product candidates in comparison to other drugs, convenience of our dosing regimens, pricing and market coverage of our or our commercialization partner's sales and distribution channels. However, we cannot guarantee you that we will be able to successfully compete on all or any of the aforementioned aspects against major pharmaceutical companies that operate on a global or national level, which may have stronger medical and technological capabilities, greater pricing flexibility, better track records, greater brand name recognition or greater financial, marketing and public relations resources than we do.

Furthermore, our product candidates will also face competition from ophthalmic drugs with different mechanisms developed for the same indication. In addition, traditional treatments for dry eye disease also include the short-term use of topical corticosteroid eye drops. We cannot guarantee you that our ophthalmic drugs will successfully replace these traditional therapies for the relevant patient population. Furthermore, other innovative drugs may compete with our drugs and may prove to be more effective or commercialize more quickly.

If any or all of our product candidates fail to compete effectively in one or more of the aforementioned fronts, our competitors may be able to establish a strong market position and render our product candidates non-competitive before we can recover the expenses of developing and commercializing any of our product candidates. Our efforts to compete may compel us to reduce prices for our drug, or take other measures that may adversely affect our profitability. Such inability to compete effectively could erode our profit margins and market share, which may in turn materially and adversely affect our business, financial position, results of operations and growth potential.

Clinical development of our product candidates involves a lengthy and expensive process with uncertain outcomes, and the results of preclinical studies and clinical trials may not be indicative of the final results.

Clinical trials are expensive, difficult to design and implement, and may take years to complete. At the same time, their outcomes are inherently uncertain. Failure can occur at any time during clinical development. Moreover, the results of preclinical studies and early-stage clinical trials may not be indicative of the results of later clinical trials. Product candidates during later stages of clinical trials may fail to show the desired outcomes in safety and efficacy. In some instances, there can be significant variability in the safety and/or efficacy results among different trials of the same product candidates due to numerous factors, including changes in trial procedures, differences in the size and type of the subject pools, such as genetic differences, patient compliance

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with the dosing regimen and other trial protocol elements, and the rate of dropout among clinical trial participants. We cannot guarantee that our future clinical trial results will be favorable based on the current available preclinical and clinical data.

As a result, we may not be able to control the timing and expenses related to completing our clinical trials or obtaining regulatory approval. Unfavorable clinical trial results may force us to restructure our clinical trials, increase our drug development cost and delay our receipt of regulatory approval for our product candidates. Therefore, it may take us longer to begin commercializing our product candidates and navigate the path to profitability, while other companies who are developing drugs for the same indications may be able to gain a competitive advantage if they commercialize their drugs first, potentially affecting our ability to gain market share and acceptance, which may have a material adverse effect on our business, financial position and our results of operations.

If our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or be subject to unfavorable circumstances during the development and commercialization of our product candidates.

Before obtaining regulatory approval for the commercial sale of our product candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates for their proposed indications. Results of our clinical trials could reveal limited efficacy or unacceptable severity or prevalence of adverse events. In such an event, our clinical trials could be suspended or terminated and the NMPA may order us to cease further development of, or deny approval of, our product candidates for any or all targeted indications.

Even if we could obtain regulatory approval for our product candidates, in the event that the results of our clinical trials are only modestly positive, or if they raise safety concerns regarding our product candidates, we may still be subject to unfavorable circumstances, including:

- obtain approval for indications that are not as broad as intended;
- be required to market our drugs under more restrictive labels, such as adding additional warnings and cautionary statements;
- be required to suspend the sales and marketing of our drugs if they had been approved and commercialized;
- be subject to additional post-marketing testing requirements;
- be held liable for harm caused to our patients and be subject to litigation and product liability claims; and
- be unable to obtain adequate insurance coverage or reimbursement for our drugs from the government or commercial insurers.

If we experience any of the above undesirable conditions, our business may be materially harmed, and we may not be able to generate sufficient revenues and cash flows to continue our operations and may experience a decline in the market price of our H Shares.

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We may encounter difficulties in enrolling participants in our clinical trials, which may delay our clinical development activities or lead to higher development costs for our product candidates.

The timely completion of clinical trials depends on, among others, our ability to enroll a sufficient number of participants who will remain in the clinical trials until their conclusion. We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible participants, or if there are delays in the enrollment of eligible subjects. We may encounter challenges with enrolling participants in our clinical trials for various reasons beyond our control, such as:

- difficulties with recruiting a sufficient number of subjects that possess the traits and characteristics we seek;
- the subjects’ perceptions as to the potential advantages and risks of the product candidates being studied in relation to other available drugs or product candidates;
- the resources we have to facilitate timely subject enrollment in our clinical trials;
- the efforts made by trial executing personnel, including our CROs, to screen and recruit eligible subjects; and
- the proximity and availability of clinical trial sites for prospective subjects.

Our clinical trials will likely compete with other clinical trials for product candidates that are in the same therapeutic areas as our product candidates. This competition will reduce the number and types of patients available to us as some patients might choose to enroll in a trial being conducted by one of our competitors instead of ours.

Even if we are able to enroll a sufficient number of patients in our clinical trials, patient enrollment may also be delayed as a result of public events, epidemics or similar incidences which are out of our control. Any delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent timely completion of these trials and adversely affect our ability to advance the development, regulatory approval and commercialization of our product candidates.

We rely on third parties to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We may rely on third-party organizations, such as CROs, hospitals and clinics, to monitor, support and execute preclinical studies and/or clinical trials for our product candidates. We engaged 36, 36 and 16 CROs in the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively, and recorded CRO expenses of RMB35.7 million, RMB44.7 million and RMB26.6 million in the respective periods. We have limited control over the operations of such third parties, and may have less control over the timing, quality and cost of the relevant preclinical and clinical studies than if we conducted these studies by ourselves. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

Our CROs are not our employees and, except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and preclinical programs. Our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully

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commercialize our product candidates if (i) CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines; (ii) we need to replace CROs; or (iii) the quality or accuracy of the clinical data that CROs or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols and regulatory requirements. For example, the third parties on which we rely to execute our preclinical studies are required to conduct such studies in accordance with the good laboratory practice (GLP) and the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》). We, our CROs and our clinical investigators are also required to comply with the Good Clinical Practice for Drug Trials (“GCP”) (《藥物臨床試驗質量管理規範》), which are regulations and guidelines enforced by the NMPA and other relevant authorities, during the clinical development of our product candidates. Our pivotal clinical trials must be conducted with products produced in accordance with the current good manufacturing practices (cGMP) standards. If any of our CROs or clinical investigators fail to comply with these regulations, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or other regulatory authorities may require us to perform additional or repeat clinical trials before approving our marketing applications, which would delay the regulatory approval process.

Furthermore, if any of our relationships with our third-party CROs is terminated, we may not be able to enter into arrangements with alternative CROs in a timely manner or on commercially reasonable terms, if at all, and we may not be able to meet our desired clinical development timelines. Even if we could successfully replace the original CROs in a timely manner, it is possible that the type and quality of services the new CROs provide do not conform to our original standards. Replacing or engaging new CROs could be time-consuming and expensive and may divert management’s time and focus. To the extent that we are unable to identify, retain and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter any challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

The data we gather in our research and development may be affected by factors unrelated to our product candidates or out of our control, which could adversely affect the reliability of our clinical results or analyses.

We collect, aggregate, process and analyze data when we identify a promising product candidate and while conducting preclinical studies and clinical trials. During the process, the overall quality of data collected or accessed may be affected by many factors that are unrelated to the tested product candidates and out of our control. For example, we cannot assure the trial subjects’ full compliance with the trial protocols. Additionally, we cannot guarantee that all of our employees or staff of our CROs would strictly comply with the GCP standards or other related guidelines and regulations when collecting or accessing preclinical and/or clinical data. We may not be able to discover every data issue and error when monitoring and auditing our data.

Such factors may negatively affect the reliability of our trial results and analyses and the NMPA or other regulatory authorities may require us to perform additional or repeat clinical trials before approving our marketing applications. Major issues in data integrity could also subject us to questions or claims from the NMPA or other relevant authorities, and may expose us to liability relating to our storage, handling, submission, delivery or display of clinical data. Our insurance coverage for clinical trials may be inadequate or could cease to be available to us on acceptable terms, if at all. Even unsuccessful claims could result in substantial costs and diversion of management time, attention and resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. Any such claims or proceedings brought against us may negatively impact our business, prospects and reputation.

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We may not be able to discover or develop suitable novel product candidates.

We plan to continue building our pipeline through our internal discovery and development platforms by identifying new therapeutic targets and product candidates and pursuing the development of our product candidates for additional indications. During the process, we may require additional technical, financial or other resources to enhance our existing research and development capabilities.

The successful discovery of new therapeutic targets or product candidates depend, to a large extent, on factors out of our control, such as the emergence of new scientific methodologies in the medical industry, initial safety and efficacy results of potential candidates and the availability of technical, financial or other resources to support our discovery effort. We cannot assure you that we will ever be able to identify additional therapeutic opportunities for our product candidates or develop suitable potential product candidates through internal research programs, any of which could materially and adversely affect our future growth and prospects. Even if we do identify initially promising product candidates, there is no guarantee that we will obtain favorable results in later clinical development of such candidates. Failure to successfully identify or develop novel and suitable product candidates may materially and adversely affect our ability to expand our pipeline and grow our business.

We may not be successful in adapting to new technologies and methodologies.

Our continued competitiveness depends on our ability to adapt to evolving technological developments and methodologies in the biotech and pharmaceutical industry. However, adapting to the latest technological developments and methodologies may require us to invest significant resources to enhance our own research and development, testing and manufacturing capabilities. There is no assurance that we will be able to secure such resources, or that we will succeed in making the necessary improvements. We also cannot guarantee that we will be successful in our attempts to adapt our product candidates to emerging technologies and methodologies in a way that will gain market acceptance. Should we fail to respond in a timely or effective manner, we may be unable to improve and maintain our competitive position and materially and adversely affect our business and prospects.

RISKS RELATING TO THE MANUFACTURING AND COMMERCIALIZATION OF OUR PRODUCT CANDIDATES

We have no track record in commercializing our product candidates. Our commercialization plan may not materialize as we expected.

We do not have any track record of successfully launching and commercializing drugs. We have established commercial capabilities in ophthalmology to benefit from their existing ophthalmology salesforces. However, there is no assurance that we will be able to establish or maintain such collaborative arrangements or, even if we are able to do so, that such arrangements will facilitate the commercialization of our drugs as expected. Once we enter into such collaboration agreements, the sales and marketing of our drugs will depend, to varying degrees, on the efforts of our partners, over whom we have limited influence or control and our revenue from product sales may be lower than if we had commercialized our product candidates ourselves. Collaborations involving our product candidates are subject to various risks.

In addition, establishing an in-house commercialization team requires significant expenditure, management resources and time. We would potentially have to compete with other drug companies to recruit, hire, train and retain marketing and sales personnel. Additionally, we cannot guarantee that we will succeed in establishing sufficient sales coverage and penetration to hospitals, pharmacies and other medical institutions across China, which could adversely affect the commercial opportunities of our product candidates.

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Our product candidates may fail to achieve market acceptance and commercial success.

Even if we receive the requisite regulatory approvals for our product candidates, there is no guarantee that our product candidates will gain sufficient market acceptance across the medical community and among patients. The degree of market acceptance of our product candidates will depend on, among other things, the following factors:

- the clinical indications for which our drugs are approved and patient demand for the drugs that treat those clinical indications;
- the potential and perceived advantages of our drugs over alternative treatments, including as to cost, effectiveness, safety and convenience;
- the time required to manufacture and launch our drugs, and to make them publicly available;
- the availability of adequate insurance coverage and reimbursement by the government and emerging commercial insurers;
- the willingness and ability of patients to pay out of pocket without the above-mentioned insurance coverage and reimbursement;
- reliance on and preference for current therapies by physicians, healthcare providers and clinics and patients;
- drugs commercialized by our competitors, particularly if they are launched before, at or around the same time as our own drugs;
- the prevalence and severity of any side effects;
- labeling requirements imposed by the NMPA or other relevant authorities, particularly in relation to warnings as to health and safety risks or limitations on effectiveness;
- the effectiveness of our and our commercialization partner’s sales and marketing efforts;
- adverse publicity about our drugs or favorable publicity about competitive products; and
- potential product liability claims.

Additionally, innovative ophthalmic therapies are relatively limited, and extensive market education will be needed for the marketing our future approved drugs. We cannot assure you that such education efforts will generate sufficient acceptance for our product candidates among patients with ophthalmic diseases. Even if our drugs achieve market acceptance, we may not be able to maintain such market acceptance if new drugs or treatments that are more favorably received or cost effective than ours are introduced. Failure to achieve or maintain market acceptance of our drugs could adversely affect our business, prospects and results of operations.

We may explore opportunities to commercialize our drugs globally, which may expose us to risks associated with conducting business in international markets.

We are actively advancing the international development of our Core Products. Alongside our independent efforts to develop VVN461(HD) in both China and the United States, we are pursuing a coordinated collaboration approach to establish our presence in international markets. Should we succeed in doing so, our business is subject to risks associated with doing business globally, including (i) changes in a country or region’s political and cultural climate or general economic conditions, (ii) unexpected changes in or high costs associated with complying with laws and

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regulatory requirements, (iii) difficulties with enforcing contractual provisions in unfamiliar jurisdictions, (iv) potential disputes with foreign partners that may be protracted or more difficult to resolve due to distance and time differences, (v) exposure to litigation or third-party product liability claims outside of China, (vi) concerns voiced by local governments and regulators on arrangements pertaining to our research and clinical trial sites or acceptability of clinical trial results across different jurisdictions, (vii) inadequate intellectual property protection in other countries, (viii) the possibility of economic sanctions, trade restrictions, discrimination, protectionism or unfavorable policies against foreign drug companies, including those from China, (ix) the effects of applicable local tax regimes, royalties and other payment obligations owed to local governments, and (x) fluctuations in local currency exchange rates. Any of such occurrences could negatively affect our expansion plan.

Failure to maintain effective quality control over our drugs may harm our reputation or expose us to product liability claims.

The effectiveness of our quality control procedures depends on various factors, such as the qualification and experience of our quality control staff and our ability to ensure that the relevant personnel adhere to our quality control procedures. Any significant failure of our quality control procedures could render our drugs unsuitable for use, adversely affect our ability to comply with applicable requirements, harm our market reputation and relationship with business partners. Any such events may have a material adverse effect on our business, financial condition and results of operations.

In addition, the reliability of our CDMOs may affect the quality control over our drugs. Drug manufacturers are required to comply with rules promulgated by the NMPA to ensure that quality control and manufacturing procedures conform to cGMP regulations. In addition, for any products that we seek to commercialize in the United States, we will be required to comply with the requirements of the FDA, including cGMP regulations. We will be subject to review and inspections by the FDA to assess our compliance and our adherence to commitments made in any NDAs, as well as in our responses to FDA queries and observations. We expect to expend considerable time and resources to meet, or monitor our CDMOs to meet, various regulatory compliance obligations in relation to manufacturing, production and quality control.

Guidelines, recommendations and studies published by various organizations may disfavor our product candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect demand for our products candidates. Any such guidelines, recommendations or studies that reflect negatively on our product candidates, either directly or relative to drugs offered by our competitors, could diminish demand for our product candidates and adversely impact our future sales revenues. Furthermore, the sales of our future approved drugs depend in part on our ability to educate patients and members of the medical community (including healthcare providers) about our drugs and product candidates. Our ability to convey our messages effectively may be negatively impacted by the publication of guidelines, recommendations or studies on our product candidates.

Scarcity of available raw materials or increases in our raw material costs may negatively impact our business, financial condition and results of operations.

We procure raw materials according to our drug development plans. In the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we procured raw materials of RMB2.3 million, RMB3.7 million and RMB0.5 million, respectively. For certain raw materials with limited number of suppliers, should our suppliers temporarily suspend production, raise or be forced to raise their prices, or fail to supply such raw materials to us for other reasons such as

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logistical issues, we cannot guarantee that we will be able to find alternative suppliers who can provide the required raw materials and product components on reasonable terms, at sufficient amounts or in accordance with our desired quality standards in a timely manner, or at all.

Furthermore, we expect that our need for stable supply of raw materials will grow as we continue to expand our business and begin manufacturing drugs for commercial sale after we obtain regulatory approval. As more product candidates progress into advanced stages of clinical trials, we will also require larger amounts of comparison drugs. Any significant delay in obtaining such raw materials or comparison drugs in the quantity and quality required may delay our preclinical studies and clinical trials, the regulatory approval for our product candidates or the manufacturing of our future approved drugs.

Raw materials used in our manufacturing may be subject to price volatility caused by external conditions, such as fluctuations in transportation costs, changes in government policies and natural disasters. As a result, our raw materials costs may also fluctuate from time to time or increase substantially going forward, which could adversely affect our profitability. The search for replacement for our suppliers or raw materials may result in reduction in production volume and delay in our manufacturing, sales and marketing or other business operations, and may divert management attention and financial resources so as to materially and adversely affect our business, financial condition, results of operations and prospects.

There may be fewer market opportunities for our product candidates than we originally anticipated, and our product candidates may be ultimately unprofitable even if commercialized.

We estimate the extent of market opportunities for our product candidates by analyzing information from various third-party sources, such as scientific literature and industry reports. We also use such estimates to make decisions regarding our drug development strategies, including whether or not to prioritize the development of a particular product candidate. However, these estimates may be based on imprecise or inaccurate data, leading us to over- or under-estimate market opportunities for certain drugs, which will affect our resource allocation decisions.

The market opportunities available will depend on, among others, the degree of acceptance for our drugs by the medical community, patient access, drug pricing and availability of government or commercial insurance and reimbursement. From time to time, we may discover that demand for our drugs is lower than anticipated due to the smaller-than-expected target patient population, availability of other more effective or accessible therapies and difficulty in identifying or approaching new patients. Such unfavorable developments may materially and adversely affect our prospects, business and results of operations.

Medical insurance coverage and reimbursement may be limited or unavailable in certain market segments for our drugs, which may adversely affect their sales prospects. Successful sales of our future approved drugs partly depend on the availability of adequate insurance coverage and reimbursement from the government and commercial insurers, as patients often rely on such reimbursement for all or part of the costs associated with their medical treatment. Government authorities and commercial medical insurance providers will decide on the coverage of drugs and the amount of reimbursement, based on their consideration of factors such as:

- whether the drug and/or treatment is safe, effective and medically necessary;
- whether the drug and/or treatment is appropriate for specific diseases and/or patients;
- whether the drug and/or treatment is considered experimental or investigational; and
- whether the drug and/or treatment is cost-effective given their budgets or profit margins.

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We cannot guarantee that reimbursement will be available for our future approved drugs and, if available, the level of reimbursement. In China, the amounts reimbursable to program participants for their drug purchases depend on the inclusion of the drugs in the NRDL or other government-sponsored medical insurance programs, as well as the tiers under which the drugs are classified in such programs. The Ministry of Human Resources and Social Security of the PRC, the National Healthcare Security Administration, together with provincial or local human resources and social security authorities and other regulatory authorities, regularly review the inclusion of or removal of drugs from the NRDL, or Provincial Reimbursement Drug List of China (“PRDL”), as well as the tier under which a drug will be classified. Even though the number of innovative drugs included in the NRDL or the PRDL is expected to increase in the future, there can be no assurance that any of our future approved drugs will be included in the NRDL, the PRDL or other government-sponsored medical insurance programs.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures and our business, financial condition and results of operations could be adversely affected.

Changes in the political relationship between China and other nations may adversely affect various aspects of our business operation. For example, there has been substantial fluctuation in the level and scope of tariffs and other trade restrictions imposed by the U.S. and China over the past period. Looking ahead, there remains significant uncertainty on how the relevant tariffs or other trade restrictions measures may evolve. Any escalation in political tensions, as well as increases in tariffs or changes to trade policies between the U.S. and China, may have a significant impact on our business.

Although we have not started commercialization of product candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the import or export of raw materials and directly disrupt our drug development and the manufacture of our product candidates. Such unfavorable policies may also negatively impact the hiring of scientists and other R&D personnel, the demand for our drug products or the competitive position of our drug products, or prevent us from selling our drug products in the United States or other countries in the future. If any new tariffs, policies, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the United States government takes retaliatory trade actions due to recent United States-China trade tensions, such changes could have a material and adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We may need to obtain substantial additional financing to fund our operations and may be forced to accept unfavorable terms or limitations on our operation during the process. If financing is not available on terms acceptable to us, or at all, we may be unable to complete the development and commercialization of our product candidates.

We need to make substantial investments to complete preclinical and clinical development, obtain regulatory approvals, manufacture sufficient quantities of product candidates for clinical and future commercial use and coordinate marketing activities in relation to our product candidates as a condition to generating revenue. We also envisage significant funds to be expended on our post-approval commitments such as monitoring the efficacy and safety of our drugs on the market, if and when they are approved and commercialized. In doing so, we must expend substantial financial resources to fund our continuing and future operations.

During the Track Record Period, we funded our operations primarily through equity financing and bank borrowings. We may continue to rely on such methods, as well as debt financing, collaboration and licensing arrangements or other sources to raise additional capital. If we resort to other financing activities, we will incur financing costs and we cannot guarantee you that the

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financing may be available when we need them, on terms that are favorable to us, or at all. In the event we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

Furthermore, our ability to raise funds will also depend on financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funding is not available to us on a timely manner, we may have to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities or the manufacturing and commercialization for one or more of our product candidates, which in turn will adversely affect our business prospects.

We incurred net losses historically and may continue to experience net losses in the foreseeable future.

We have incurred, and may continue to incur, significant research and development expenses, selling expenses, administrative expenses and other expenses related to our ongoing operations. For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we had net loss of RMB201.5 million, RMB189.8 million and RMB126.1 million, respectively. Our ability to generate revenue will depend primarily on our ability to commercialize our product candidates, as well as the overall development of the industry we operate in, which is subject to significant uncertainty. We expect to continue to incur significant expenses and losses for the foreseeable future. We anticipate that our expenses will increase significantly as we proceed to commercialization. The amount of our future net losses will depend, in part, on our future expenses resulted from costs and expenses incurred by our research and development and in relation to our operations and our ability to generate revenues. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on business, financial position and results of operations.

We had net liabilities and recorded net operating cash outflows historically which may continue in the foreseeable future and expose us to liquidity risk.

We recorded net liabilities throughout the Track Record Period. As of December 31, 2024 and 2025 and June 30, 2026, we had net liabilities of RMB531.4 million, RMB720.2 million and RMB842.0 million, respectively. We were in such positions primarily as we recorded redemption liabilities on owners’ capital/equity shares in relation to our Pre-[REDACTED] Investments. A net liabilities position can expose us to the risk of shortfalls in liquidity, in which case our ability to raise funds or obtain bank loans will be materially and adversely affected. Also, we recorded net cash outflow from operating activities of RMB121.0 million, RMB96.3 million and RMB74.9 million for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively. See “Financial Information—Liquidity and Capital Resources—Cash Flows.” Negative operating cash flow may require us to obtain additional financing to meet our financing needs and obligations and support our expansion plans. In the event that we are unable to generate sufficient cash flow from our operations or otherwise obtain sufficient external funds to finance our business, our liquidity and financial condition may be materially and adversely affected and we may not be able to expand our business as expected. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. As a result, our business, financial condition and results of operations may be materially and adversely affected. We cannot guarantee that prospective business activities of our Group and/or other matters beyond our control, such as market competition, will not adversely affect our operating cash flow and lead to net operating cash

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outflows in the future. If we encounter long-term and continuous net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial position and results of operations may be materially and adversely affected.

The discontinuation of any government grants or preferential tax treatment currently available to us may adversely affect our business, financial condition and results of operations.

We benefited from government grants and preferential tax treatment during the Track Record Period. We recorded government grants of RMB5.7 million, RMB5.6 million and RMB0.3 million for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively. Such government grants primarily included subsidies received from local government authorities to compensate for expenditure arising from our research and clinical trial activities. In addition, according to applicable PRC laws and regulations, our PRC subsidiary whose annual taxable income is less than RMB1.0 million is eligible for substantial tax benefits.

We cannot assure you that we will continue to receive government grants or preferential tax treatment at the existing levels, or at all. The relevant authorities may issue administrative decisions or modify government policies that reduce the amount of government grants and preferential tax treatment that has been available to us, or end our eligibility to receive such financial subsidies. The discontinuation of government grants or preferential tax treatment currently available to us may adversely affect our results of operations and prospects. Further, prospective investors should note that should there be any changes in the amounts of our government grants and preferential tax treatment in a given year, our financial performance for that period may not be directly comparable to our historical financial results.

We have incurred and may continue to incur share-based payments. The issuance of share-based payment awards may cause dilution to our existing Shareholders and may affect the market price of our H Shares.

Historically, we have granted shares to our employees. For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we recognized share-based payment expenses of RMB8.9 million, RMB3.7 million and RMB4.7 million, respectively. In the future, we may issue options and shares to our Directors, senior management and/or key employees to incentivize their performance and align their interests with ours. As a result, we may incur equity-settled share-based payments, which could have a material adverse effect on our profitability. Furthermore, the grant of equity-accounted share-based payments may continue to result in an immediate and potentially substantial dilution to our existing Shareholders and could result in a decline in the value of our H Shares.

We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We have a relatively short operating history. Our operations to date have focused on raising capital, establishing our drug portfolio and conducting clinical trials of our product candidates. Most of our product candidates were still at various stages of development and we had not commercialized any of our product candidates as of the Latest Practicable Date. Our limited operating history, particularly in the rapidly evolving pharmaceutical industry, may make it difficult to evaluate our current business and reliably predict our future performance. Our future financial performance will depend, in part, on our ability to effectively manage any future growth. We might not be able to effectively manage our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of employees and reduced productivity among remaining employees. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer. These risks may cause potential investors to lose substantially all of their [REDACTED] in us.

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RISKS RELATING TO EXTENSIVE GOVERNMENT REGULATION

The drug industry is highly regulated and such regulations are subject to change, which may adversely affect multiple aspects of our operation.

We conduct our research, development and commercialization activities in China, which regulate such activities in great depth and detail. Biotech companies in China are subject to comprehensive government regulation and supervision encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development, approval, manufacturing, sales and marketing or post-approval approval process, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an 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. The failure to comply with these regulations could have a material adverse effect on our business, financial condition and prospects.

In recent years, the regulatory framework in China regarding the drug industry has undergone periodic changes, and we expect that it will continue to evolve. Any such changes may increase compliance costs related to our business, cause delays in or prevent the successful development or commercialization of our product candidates and reduce the current benefits we believe are available to us from developing drugs in China. PRC governmental authorities have become increasingly vigilant in enforcing laws in the pharmaceutical industry and any failure by us or our third-party contractors to maintain compliance with applicable laws and regulations may materially and adversely affect our business activities.

The process of obtaining regulatory approval for our product candidates is lengthy, expensive and inherently uncertain.

The process required to obtain approval from the NMPA or other relevant authorities is a lengthy, expensive and uncertain process, and approval is never guaranteed. When we submit a registration application to the regulatory authorities, the regulatory authorities will decide whether to accept or reject the registration application. We cannot be certain that all of our submissions will be accepted for filing and review by the regulatory authorities. In addition, the time required to obtain approval from the regulatory authorities is unpredictable and could take years following the commencement of preclinical studies and clinical trials. Results of such applications depend upon numerous factors and are subject to substantial discretion of the regulatory authorities. As of the Latest Practicable Date, we had not received marketing approval for any of our product candidates, and it is possible that none of our product candidates or any product candidates we may discover and seek to develop in the future will ever obtain such approval.

Our product candidates could fail to obtain regulatory approval for many reasons, including uncertainties associated with, or as a result of, our clinical trials results and procedures. However, even if we successfully complete all preclinical studies and clinical trials for our product candidates in compliance with the current regulations of the NMPA or other relevant authorities, we may still face risks of failure to obtain regulatory approval due to factors beyond our control, such as changes in approval policies or regulations that render our preclinical and clinical data insufficient or require us to amend our clinical trial protocols, regulatory requests for additional analysis, or questions regarding interpretations of data and results and the emergence of new information regarding our product candidates or other drugs. Any of these occurrences may materially and adversely affect our approval and commercialization timeline and therefore harm our business, financial condition and prospects significantly.

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Even after obtaining regulatory approval for marketing, our product candidates will continue to remain subject to ongoing or additional regulatory requirements and review, which may result in significant additional expenses, or penalties if we fail to comply with such requirements.

Once approved, our drugs may be subject to ongoing or additional regulatory requirements related to manufacturing, labeling, packaging, storing, advertising, promoting, sampling, record-keeping, post-marketing clinical trials and submission of information related to safety, efficacy and other post-marketing clinical data.

Furthermore, the regulatory approvals we may obtain for our product candidates may be subject to conditions that affect the commercial potential of our drugs, or require that we conduct costly post-marketing clinical trials or other measures to monitor their safety and efficacy. The NMPA may also require us to follow a risk evaluation and mitigation program. Such conditions and requirements may lead to substantial increase in our compliance costs and any failure to comply with such conditions and requirements may cause the regulatory authorities to impose sanctions or penalties that could adversely affect our business operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain patent protection for our product candidates, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and the commercial prospects of our product candidates would be materially and adversely affected.

We view the proprietary protection of our drugs as integral to our entire operation. Throughout the Track Record Period, we sought to protect the product candidates and technologies that we consider commercially important by filing patent applications in China, the United States and other countries, relying on trade secrets or regulatory protection or employing a combination of these methods. As of the Latest Practicable Date, we had 6 patents in China and 12 patents overseas. As of the same date, we had 14 patent applications in China and 36 patent applications overseas. Any failure by us to obtain or maintain patent protection with respect to our product candidates and technologies could materially adversely affect our business, financial condition, results of operations and prospects.

The patent application and prosecution processes are expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all desirable territories. For example, in China, the China National Intellectual Property Administration (CNIPA) may require us to amend our patent applications after substantive examinations, including reducing the patentable coverage, and if we fail to respond within a specified period, our applications will be deemed to be withdrawn. As a result, we may not be able to prevent competitors from developing and commercializing competitive drugs in all such fields and territories. Furthermore, the patent positions of biotech and pharmaceutical companies are generally highly uncertain, involve complex legal and factual questions, and have been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are uncertain.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. For example, in making any patent application, there is no guarantee that we will have been the first to develop our product candidates or other proprietary technologies through independent means. In such cases, it is possible that our patent applications will be rejected. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate

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collaborators, outside scientific collaborators, consultants, advisers and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection.

In addition, while we typically require our employees who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property.

Furthermore, China and the U.S. have adopted the “first-to-file” system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met and no objection are raised by other parties. Under the first-to-file system, if third parties file first, they may be granted a patent relating to a technology which we invented. In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA for confidential examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

The scope of patent protection is uncertain and our current or any future patents may be challenged and invalidated even after issuance, which would materially and adversely affect our ability to successfully commercialize any product candidates.

The scope of patent protection in various jurisdictions is uncertain. Changes in patent laws or their interpretation in China or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our innovations, affect the value of our intellectual property, jeopardize ongoing patent applications and/or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing, and may pursue going forward, will be granted, or, if granted, whether they could continue to provide sufficient protection from competitors.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we currently own or may own in the future are granted as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we hold may be challenged, narrowed, circumvented or invalidated by third parties.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China, the U.S. and other countries. An adverse determination from such challenges could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or product candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize product candidates without infringing, misappropriating or otherwise violating third-party patent rights. Such challenges also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us.

Furthermore, there is no guarantee that we will be granted patent extensions. Pursuant to the Patent Law of the PRC, the term for invention patents relating to new drugs may be extended for no more than five years, and the total as-extended term may not exceed 14 years. Similarly in the United States, we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984. The exact duration of the extension depends on the time we spend in clinical studies, as well as getting an NDA approval from the FDA.

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However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of approval, only one patent may be extended, and only those claims covering the approved drug, a method for use, or a method for manufacturing may be extended. Following the expiration of our patents, it is possible that our competitors may develop and market generic version of such drugs, thereby materially and adversely affecting our ability to compete.

Our drugs may become subject to intellectual property infringement or misappropriation claims or other legal challenges and such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our product candidates.

Our commercial prospect depends partly upon our ability to develop, manufacture, market and sell our product candidates without infringing, misappropriating or otherwise violating the intellectual property rights of others. Many drug companies maintain worldwide patent portfolios. Their patents may cover various aspects of a single drug, including but not limited to composition, administration method, cell line constructions, vectors, growth media, manufacturing processes and purification measures. Such patents may be valid globally, including in jurisdictions where we intend to commercialize our drugs. As the drug industry continues to expand and more patents are applied for and granted, we are subject to higher risks of unknowingly violating the patents of third parties. Furthermore, our competitors may also obtain patents that restrict or preclude our ability to lawfully manufacture and market our drugs.

We cannot guarantee that our product candidates or any uses of our product candidates do not and will not in the future infringe upon third-party patents or other intellectual property rights. It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our product candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our product candidates or their use.

Third parties may allege that we are infringing upon their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, use or manufacture of the drugs we have developed or are developing. Such third parties might resort to litigation against us. Any patent or trademark infringement, trade secret misappropriation or other intellectual property claims or legal proceedings brought against us could result in substantial costs and divert capital resources and management attention. In the event that we are unsuccessful in defending such claims or legal proceedings, we may be compelled to accept one or more of the following solutions:

- pay substantial damages, court costs and attorneys' fees;
- obtain licenses or pay ongoing royalties on unfavorable terms;
- cease developing, manufacturing or selling drugs that incorporate the intellectual property in dispute;
- cease using and registering certain domain names, brands or trademarks in connection with some or all of our drugs and business activities in some or all jurisdictions in which we operate;
- redesign or reengineer drugs; and
- change our business processes.

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Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Thus, even if we ultimately prevail, or settle at an early stage, such litigation could burden us with substantial unanticipated costs.

As the legal threshold for bringing intellectual property claims and proceedings against us is low, we may be subject to intellectual property claims and proceedings regardless of the merit and probability of success of such claims. Any intellectual property-related disputes or litigation, regardless of outcome or merit, could result in substantial costs and expenses, negative publicity and diversion of management resources. During the course of any intellectual property claims or proceedings, there could be public announcements of the results of hearings, rulings on motions and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our product candidates, future product candidates, programs or intellectual property could be diminished. Accordingly, the market price of our H Shares may decline. Such announcements could also harm our reputation or the market for our product candidates, which could have a material adverse effect on our business. An adverse outcome in such litigation or proceedings may expose us or any future strategic partners to loss of our proprietary position, expose us to significant liability or require us to seek licenses that may not be available on commercially acceptable terms, if at all, which could have a material adverse effect on our business.

We may face challenges associated with protecting our intellectual property rights in other jurisdictions.

As of the Latest Practicable Date, we had 6 patents in China and 12 patents overseas. As of the same date, we had 14 patent applications in China and 36 patent applications overseas.

In the event that we are able to commercialize our drugs on an international scale, we may face challenges associated with protecting our intellectual property rights in other jurisdictions. Filing, prosecuting, maintaining and defending patents in all other countries throughout the world requires significant financial resources and management attention. Moreover, our intellectual property rights in other jurisdictions may be of different scope and strength as compared to those in our target markets. Consequently, we may not be able to entirely prevent third parties from using our intellectual property to produce, sell or import drugs in other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs, and may also export otherwise infringing drugs to jurisdictions where we do not have patent protection or strong patent enforcement rights. Such occurrences may diminish our competitive advantages, prospects and market share.

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

As intellectual property rights have limitations, they do not necessarily protect us from all potential threats in our competition with other biotech companies. Some of such limitations include:

- others may be able to manufacture drugs that are similar to our product candidates or apply similar technology that is not covered by the patents we own or license, now or in the future;
- others may independently develop similar drugs through methods or means that do not technically infringe, misappropriate or otherwise violate our intellectual property rights, particularly if the scope of protection afforded by our intellectual property rights is limited by the laws and regulations of certain jurisdictions or pursuant to court judgments or other legal proceedings;

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- we might not have been the first to file patent applications covering certain of our inventions;
- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;
- we may not develop additional proprietary technologies that are patentable;
- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property;
- our patents may be rendered invalid or unenforceable as a result of legal challenges by our competitors; and
- our competitors might conduct research and development activities in countries where we do not have patent rights and use the information learned to develop competitive drugs for sale in our major markets.

Failure to protect our know-how, trade secrets and other confidential proprietary information may adversely affect our competitiveness.

In addition to patents and pending patent applications, we rely on know-how, trade secrets and other confidential proprietary information that cannot be patented to maintain our competitive position. To protect such intellectual property, we generally enter into non-disclosure and confidentiality agreements with employees, business partners, consultants, advisers and other third parties. We also enter into standard employment contracts and proprietary rights assignment and non-compete agreements with our employees, under which we own all the rights to all inventions, technologies, know-how and trade secrets derived during the course of our employee's work. We also enter into standard non-compete agreements with our key personnel. Additionally, we require our collaborating research institutions or other individuals to sign contracts with provisions that limit their ability to disclose certain data and other information obtained during the course of their research. However, we cannot assure you that our employees or other third parties will not intentionally or inadvertently make unauthorized disclosures or uses of our know-how, trade secrets and other confidential proprietary information. We also cannot guarantee the physical and cyber security of our information technology systems from data breaches and malicious attacks. Despite measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully gain access to, obtain or use information that we regard as proprietary without our consent. Moreover, there may not be adequate remedies readily available to mitigate their unauthorized use or disclosure of our confidential proprietary information. We may hence be unable to sufficiently protect our trade secrets and proprietary information and other parties may attempt to or successfully make use of our know-how, trade secrets and other confidential proprietary information to produce drugs that erode our competitive position. Any enforcement and/or remedial measures that we take may be expensive and time-consuming, and the eventual outcomes may be unfavorable.

In addition, while we require all of our employees to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

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Failure to adequately protect our trade names, trademarks and other intellectual property may affect our ability to build brand recognition.

We conduct our business under the brand name of “VivaVision.” As of the Latest Practicable Date, we had registered two trademarks in China. However, our measures to protect intellectual property rights afford limited protection and policing unauthorized use of our intellectual property may be difficult and expensive. In addition, the enforceability, scope and validity of laws governing intellectual property rights in China are uncertain and still evolving. We cannot guarantee that we will be able to detect unauthorized use of our intellectual property rights or take appropriate steps to enforce them in a timely and effective manner. Moreover, attempts to protect our intellectual property rights through litigation could result in substantial costs and divert resources and management attention.

Furthermore, our registered and unregistered trade names or trademarks may be challenged, infringed, circumvented or declared generic or infringing on other marks. We may not be able to protect our rights to these trade names and trademarks, which we need to build brand recognition among potential partners or customers in our markets of interest. As our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Additionally, there is no guarantee that we will always be able to successfully register our trade names and trademarks. Failure to do so may prevent us from using our trade names and trademarks under the protection of the relevant laws and regulations, and we risk being accused of infringing other intellectual property rights. In addition, at times, competitors may adopt trade names or trademarks similar to our own and impede our ability to build brand recognition. Over the long term, failure to establish brand recognition based on our trade names and trademarks may prevent us from competing effectively and diminish our future prospects.

RISKS RELATING TO OUR OPERATIONS

We may be unable to attract and retain senior management and qualified clinical or research and development personnel.

Our operation depends in part on our continued ability to attract, retain and motivate senior management and qualified management, clinical and scientific personnel. We believe their efforts, connections and industry expertise are key to our business development.

The loss of services of any of our key management personnel may impede the achievement of our research, development and commercialization objectives. We cannot guarantee that we will be able to promptly hire and integrate qualified replacements. Replacing executive officers or senior management personnel may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize ophthalmic drugs like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotech companies for similar personnel.

In addition, the future growth of our business will depend partly on our ability to attract and retain qualified personnel on reasonable terms, particularly those involved in our clinical and research and development operations. We may need to compete with other drug companies for employees with the relevant qualifications and experience. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Our consultants and advisers may be employed by others entities and may have commitments under

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consulting or advisory contracts with employers that may limit their availability to us. Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. If we are unable to continue to attract and retain high-quality personnel, our ability to pursue our growth strategy will be limited. Any inability to hire and retain personnel with the talent and technical skill that we need to conduct our business could materially adversely affect our business, financial condition, results of operations and prospects.

We form or seek collaborations or strategic alliances or enter into licensing arrangements from time to time, and we may not realize the benefits of such alliances or licensing arrangements.

We explore a variety of possible strategic collaborations or license opportunities from time to time in an effort to gain access to additional product candidates, technologies or commercialization resources.

We face significant competition in seeking appropriate strategic partners and the negotiation process, which is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates, because a majority of them may be deemed to be at too early of a stage of development for collaborative effort and potential partners may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability.

In addition, collaborations involving our product candidates are subject to various risks, including, but not limited to:

- collaboration partners have significant discretion in determining the development or commercialization strategy for our product candidate during collaboration, which may be different from what we expected and may be ineffective;
- the development or commercialization capabilities of our partners may not be as strong as we expected;
- collaboration partners may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus, availability of funding or other external factors, such as a business combination that diverts resources or creates competing priorities;
- collaboration partners may not commit sufficient resources to the development or sales and marketing of one or more of our product candidates;
- we could grant exclusive rights to our collaboration partners that would prevent us from collaborating with others;
- collaboration partners may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- collaboration partners may not aggressively or adequately pursue litigation against generic filers or may settle such litigation on unfavorable terms, as they may have different economic interests than ours, and such decisions could negatively impact any royalties we may receive under our license agreements;

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- we may be subject to product liability claim in respect of joint developed products with our collaboration partners;
- we may encounter material disputes with collaboration partners regarding the terms of our collaboration, which could lead to disruption of the development or commercialization of our product candidates and litigations that could be time-consuming and expensive; and
- collaborations may be terminated and, if terminated, may result in a need for additional time and capital to pursue alternative partners for the development or commercialization of the applicable product candidates;

Therefore, we may not be able to realize the benefit of current or future collaborations, if we are unable to successfully integrate such collaborations with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or other financial benefits that justify such transaction. 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 or delay the development or commercialization of one or more of our product candidates, reduce the scope of any sales or marketing activities, or increase our expenditures and undertake such development or commercialization activities at our own expense. As a result, we may not be able to further develop our product candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

We relied on a limited number of suppliers during the Track Record Period.

During the Track Record Period, our suppliers primarily consisted of (i) CROs for preclinical and clinical research; (ii) CDMOs for manufacturing of drug candidates used in our research; and (iii) suppliers of laboratory consumables, machinery and equipment. For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, our purchases from our five largest suppliers were RMB54.8 million, RMB40.0 million and RMB29.2 million, respectively, accounting for approximately 72.7%, 57.4% and 76.6%, respectively, of our total purchases for the respective periods. In the same periods, purchases from our largest supplier were RMB17.9 million, RMB20.4 million and RMB15.7 million, respectively, accounting for approximately 23.7%, 29.3% and 41.1%, respectively, of our total purchases for the respective periods. Should our major suppliers cease their business relationships with us and we fail to locate suitable replacements on a timely basis and at acceptable cost, our business, financial condition and results of operations may be materially and adversely affected.

We may be required to pay late payment fines or other penalties in connection with our failure to fully contribute to social insurance and housing provident funds.

During the Track Record Period, we did not fully contribute to social insurance for two of our employees, and between January and April 2024, we engaged third-party human resource agencies to pay social insurance and housing provident funds for six of our employees due to the relocation of our headquarters. According to the relevant PRC laws and regulations, if we fail to make contributions to social insurance funds on time and in full, the relevant government authority can require us to rectify the shortfall in our contributions within a prescribed period, and we may be liable for a late payment fee equal to 0.05% of the shortfall in our contributions for each day of delay. If and only if we failed to do so, we may be liable for a penalty of one to three times the amount of the shortfall in our contributions. If we fail to make contributions to housing provident funds in full when due, the relevant government authority can require us to rectify the shortfall in our contributions within a prescribed period, and where the payment has not been made within the prescribed period, the relevant government authority may apply to a court for compulsory enforcement. As of December 31, 2024 and 2025, the annual shortfalls for social insurance were RMB0.2 million and RMB0.1 million, respectively.

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In light of the following: (i) based on credit reports issued by the relevant authorities, we have not been subject to any administrative penalties in relation to social insurance and housing provident fund matters during the Track Record Period; and (ii) we had not received any notification from the relevant authorities requiring us to pay shortfalls or overdue charges with respect to social insurance and housing provident funds as of the Latest Practicable Date, our PRC Legal Advisers are of the view that provided that there are no significant changes in the current policies, regulations, and the enforcement of local authorities, the likelihood of us being subject to active and collective demands for retroactive social security and housing fund payment, or administrative penalties resulting in material adverse effects on our business, financial condition by relevant competent authorities is low. However, we cannot assure you that the relevant government authorities will not require us to rectify such incidents or impose late payment fines or other penalties on us. As advised by our PRC Legal Advisers, we could be subject to fines of up to RMB0.9 million in relation to the shortfall in our contribution to social insurance if we fail to repay the outstanding amount within the stipulated period. If we are required to rectify the shortfall in our contributions or if severe penalties are imposed on us, our business, financial condition and results of operations may be adversely affected.

Failure to obtain property ownership certificate or sufficient documentation regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, for one leased property, the lessor with whom we enter into lease agreement did not provide valid property ownership certificate or sufficient documentation to prove the right to lease the property to us for our intended use. Therefore, we cannot ensure that they have the rights to lease or sublease such properties to us for our intended use. If we are challenged by third parties or government authorities upon any of the circumstances stated above, we may be subject to fines and may be forced to relocate, as the case may be, and, as a result, our business, results of operations, financial performance and prospects may be adversely affected.

Changes in social trends and political policies related to environmental, social, and governance issues may adversely affect our business operation.

As a biotech company, we are subject to potential risks arising from changes in social trends and political policies related to environmental, social, and governance (ESG) issues, such as public perception with respect to animal testing for the R&D of ophthalmic drugs. Changes in social trends and political policies related to ESG issues could impact our business model in several ways. For example, if there is a shift towards more stringent regulations on environmental protection or animal welfare, we may face increased compliance costs and operational challenges. Similarly, if there is a growing demand for ophthalmic drugs that are developed and manufactured using environmentally friendly process, we may need to adapt our pipeline and invest in new technologies and process to reduce our environmental footprint. Moreover, changes in political policies related to ESG issues may impact our access to funding and other resources that are critical to our growth and success. For instance, if there is a change in government policies that restricts funding for biotech companies that do not meet certain ESG criteria, we may face challenges in securing financing for our business activities.

Negative publicity about us, our Shareholders and affiliates, our brand and management may materially and adversely affect our business, reputation and trading price of our H Shares.

We believe that market awareness and recognition of our brand image is important to our commercial prospect. Despite our efforts to promote our brand image, we may not be successful in doing so. Over the long term, negative publicity may materially and adversely affect our business and brand so as to reduce the trading price of our H Shares and diminish our competitive position.

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As we continue to grow our business, we may find it necessary to expand our network of collaborators to enhance our marketing and branding efforts. Since we have limited control over such parties, we cannot guarantee that our efforts will be successful, nor that they will perform according to the standards expected. Any actions on their part that reflect negatively on our business or generate negative publicity for us may impede our efforts to establish our industry reputation.

Furthermore, negative publicity about us, our Shareholders and affiliates, alleged misconduct or improper activities or negative rumors relating to us, our management, employees, business partners or affiliates may arise from time to time in the internet and other media sources. They may harm our business and results of operations even if they are unsubstantiated. There is no guarantee that our efforts to defend ourselves against such negative publicity or rumors, or to address them internally, will be successful. Any regulatory inquiries or investigations against our directors and senior management, business partners or other affiliates regarding any perceived unethical, fraudulent or other inappropriate conduct may be particularly harmful to our reputation regardless of the merits or final outcome. In turn, this may affect our ability to grow our business and attract customers, suppliers and talented employees.

We are also particularly susceptible to negative media about the drug industry in general or particular drugs or services. Such negative media may result from the actions of competitors or other industry players, over whom we have no control. It is possible that the PRC government may promulgate laws and regulations that seek to address the source and reasons for such negative media. We cannot guarantee that we will be able to adapt to such laws and regulations in a timely and effective manner, including adequate management of the related compliance costs.

We may be involved in product liability claims or other disputes, litigation, arbitration and legal proceedings in the ordinary course of our business.

From time to time, we may be directly or indirectly involved in legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. In particular, we face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our product candidates. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against or obtain indemnification from our collaboration partners for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even a successful defense would require significant financial and management resources. Regardless of the merits or the eventual outcome of such product liability claims, we may be subject to the following consequences:

- less interest in our product candidates and reduced demand for our drugs;
- reputational damage;
- withdrawal of clinical trial participants;
- inability to commercialize product candidates;
- loss of revenue;
- costs incurred to defend legal proceedings;
- substantial monetary damages payable to trial subjects or customers; and
- product recalls, withdrawals or the imposition of labeling, marketing or promotional restrictions that limit our ability to commercialize our product candidates.

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If we are unable to defend ourselves against such claims, we may be subject to, among other things, civil liability for adverse events or other losses caused by our products and to criminal liability and the potential revocation of our business licenses if our products are found to be defective.

In addition to product liability claims, our employees may also sue us for labor-related disputes or occupational injuries, and we are subject to risks associated with having limited control over the behavior of employees or other business partners who may intentionally or unintentionally harm the interests of our customers. Any claims, disputes and legal proceedings brought against us could result in substantial costs and divert capital resources and management attention, even if we should mount a successful defense. We may suffer damage to our reputation regardless of the merits or outcome, leading to material adverse effects on our business, financial position and brand value.

Existing PRC laws and administrative regulations require us to maintain liability insurance to cover product liability claims on clinical trials. Any product liability insurance for clinical trials, when obtained, may be prohibitively expensive, or may not fully cover our potential liabilities. Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of product candidates we develop. Moreover, claims that may be brought against us could result in a court judgment or settlement for such amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

Our insurance coverage may not sufficiently cover the risks related to our business operations.

We maintain insurance policies that we believe are customary with standard commercial practice in the drug industry and as required under the relevant PRC laws and regulations. However, we cannot guarantee you that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. For example, although we maintain liability insurance covering our clinical trials as required under PRC laws and regulations, our coverage may be insufficient to cover any amounts payable under court judgments or settlements. Should we incur substantial amounts in product liability claims, and be unable to cover these with our existing insurance policies or internal resources, we may be forced to suspend other key operations, such as the conduct of clinical trials, to divert funds from other aspects of our business.

Moreover, there are certain losses for which insurance is not available in China on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. We may be required to bear our losses to the extent that they are not covered by insurance, or that our insurance coverage is insufficient, and such amounts could be substantial. We could suffer significant costs and diversion of our resources as a result.

Our information technology systems, or those of our CROs or other service providers or consultants, may fail or suffer security breaches.

Our internal computer systems and those of our CROs, service providers or consultants are vulnerable to damage or interruption caused by, among others, power outages, computer viruses, phishing attacks, ransomware, worms, unauthorized access, telecommunication failures, cyber-attacks, natural disasters, terrorism and war. Should such events occur and interrupt our operations, we may experience a material disruption to our business operations.

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In our ordinary course of business, we collect and store sensitive information, including the personal information of our employees, various intellectual property (including trade secrets), research and development information, sales and marketing strategies and key business and financial data. We manage and maintain our information and data through on-site systems and third-party vendors. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our sites or third-party vendors may materially and adversely affect our business operations by damaging key data and equipment. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. There is no guarantee that our disaster recovery and automatic recovery systems will be able to retain and recover all the equipment or data affected by shutdowns or service disruptions. In addition, we may not have adequate insurance coverage to compensate for losses associated with such events.

Furthermore, we are vulnerable to risks caused by misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss of sensitive information maintained in our information systems and those of our vendors, including confidential data on our employees, customers, suppliers and clinical trial subjects. Outside parties may attempt to penetrate our information systems or those of our vendors, or fraudulently induce our employees or our vendors' employees to disclose sensitive information through means such as viruses, phishing and cyber-attacks. The number and complexity of these threats continue to increase over time. In the event of a material breach of our information technology systems or those of our vendors, our business partners, customers or other industry players may have a negative perception of the effectiveness of our security measures, and we may experience harm to our reputation and credibility. We may also be compelled to expend substantial financial resources to repair or replace our information systems. In addition, we may be subjected to collective actions and/or claims from individuals respecting issues related to data privacy laws and regulations, such as misuse or inappropriate disclosure of data and unfair or deceptive practices.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

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RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and an active trading market for our H Shares may not develop.

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

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

All of our Unlisted Shares may be converted into H Shares and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon the completion of the relevant filing procedure, shares currently held on our Unlisted Share register may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year of the [REDACTED], which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

You will incur immediate and significant dilution and may experience further dilution 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]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in *pro forma* consolidated net tangible asset value, based on the mid-point of the [REDACTED]. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors' claims.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources contained in this document.

Certain facts, statistics and data contained in this document relating to the pharmaceutical industry in and outside China have been derived from various official government publications. Such information has not been independently verified by us or any other party involved in the [REDACTED] and no representation is given as to its accuracy.

There is no assurance whether and when we will pay dividends, which is subject to restrictions under PRC law.

No dividend had been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at

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such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Dividends payable to investors and gains on the sale of our H Shares may be subject to PRC income taxes.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H shares through the sale or transfer by other means of H shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including

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the other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

You should read this entire document carefully and should not consider or rely on any particular statements in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the [REDACTED], there may have been or may be press and media coverage regarding us, our business, our industry and the [REDACTED]. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the publication of any such information contained in such press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the press or media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of such information is inconsistent or conflicts with the contents of this document, we expressly disclaim responsibility for them. Accordingly, prospective investors should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to invest in our [REDACTED]. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this document, the [REDACTED], and any formal announcements made by us in Hong Kong in relation to our [REDACTED].