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Application Proof of

VivaVision Biotech (Zhejiang) Co., Ltd.
維眸生物科技(浙江)股份有限公司

(the "**Company**")

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

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VivaVision Biotech (Zhejiang) Co., Ltd.

維眸生物科技(浙江)股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**[REDACTED] H Shares (subject to the [REDACTED] Option)**
Number of [REDACTED]	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**[REDACTED] H Shares (subject to reallocation and the [REDACTED] Option)**
[REDACTED]	**[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**RMB0.10 per H Share**
Stock code	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

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[REDACTED]

[REDACTED]

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[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**]. ***In particular, we are a biotech company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.*** *Our Core Products are products designated for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide for New Listing Applicants and are in the early stages of clinical development. We may continue to incur substantial costs and expenses in relation to research and development activities for the Core Products, and we may not be able to successfully develop or market both of our Core Products. There are unique challenges, risks and uncertainties associated with* [**REDACTED**] *in companies such as ours. Your* [**REDACTED**] *decision should be made in light of these considerations.*

OVERVIEW

Founded in 2016, we are a clinical-stage ophthalmology-focused biotech company. Leveraging our technology platforms, including small-molecule drug discovery, advanced formulation development and translational research in ophthalmic diseases, we are building a product pipeline covering ocular indications affecting the surface and back of the eye. We have two Core Products, VVN461(HD) and VVN001. VVN461(HD), the high-dosage formulation of VVN461 eye drop, is a novel selective dual-target inhibitor of Janus kinase 1 (JAK1) and tyrosine kinase 2 (TYK2), with non-infectious anterior uveitis (NIAU) as its lead indication. We have commenced a Phase III clinical trial of VVN461(HD) in NIAU patients in China. VVN001, a second-generation antagonist of lymphocyte function-associated antigen-1 (LFA-1), is an eye drop for the treatment of moderate-to-severe dry eye disease (DED). We have commenced a Phase III clinical trial of VVN001 in China. As of the Latest Practicable Date, we had three other clinical-stage drug candidates in addition to our Core Products.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCTS AND OTHER PIPELINE PRODUCTS SUCCESSFULLY.

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

The following chart summarizes our product pipeline as of the Latest Practicable Date. We hold full development and commercialization rights to our product pipeline with respect to the product candidates' formulations and disease areas, as illustrated below.

Program	Mechanism of Action	Formulation	Indication	Patient Population	Commercial Rights	Planned Commercialization Jurisdiction	Regulatory Authority	Preclinical	IND Approval	Clinical			NDA Approval	Expected Near-Term Milestone
										Phase I	Phase II	Phase III		
VVN461(HD)★	JAK1/TYK2	Eye drop	NIAU	Adults	Global[1]	China	NMPA							Complete Phase III in 1H 2027
						U.S.	FDA							IND amendment in Q4 2026[2]
			SS-DED	Adults		China	NMPA							Commence Phase II in Q4 2026[3]
			Scleritis			U.S.	FDA							Commence IIT in Q4 2026[4]
			oGVHD	**Adults**		U.S.	FDA							Commence IIT in Q4 2026[4]
			Pediatric uveitis	Children		To be determined	To be determined							Timing of clinical trial to be determined[5]
			VKC	Children and teenager		China	NMPA							IND application in Q4 2026[6]
VVN001★	LFA-1	Eye drop	Moderate-to-severe DED	Adults	Global	China	NMPA							Complete Phase III in 1H 2027
						U.S.	FDA[7]							Timing of Phase III to be determined
VVN461(LD)	JAK1/TYK2	Eye drop	Postoperative ocular inflammation	Adults	Global[1]	U.S.	FDA[8]							Timing of Phase III to be determined
VVN432	JAK1/TYK2	Nasal spray	CRS	Adults	Global[1]	China	NMPA							Complete Phase I in Q4 2026
VVN1901	rhNGF	Eye drop	Stage 2 to Stage 3 NK	Adults	Global	China	NMPA							Complete Phase II in 2028

★ Core Product

Milestones achieved

Clinical trial phases marked as ▨ are not required by the NMPA or FDA, as applicable

CRS: chronic rhinosinusitis

DED: dry eye disease

NIAU: non-infectious anterior uveitis

NK: neurotrophic keratitis

oGVHD: ocular graft-versus-host disease

SS-DED: Sjögren's syndrome–related DED

VKC: vernal keratoconjunctivitis

JAK1: Janus kinase 1

LFA-1: lymphocyte function-associated antigen-1

rhNGF: recombinant human nerve growth factor

TYK2: tyrosine kinase 2

Notes:

(1) In February 2021, we entered into an asset transfer and license agreement (as supplemented on February 10, 2021 and January 29, 2024 and amended and restated on February 6, 2026) with E-nitiate. Pursuant to such agreement, we transferred, among others, intellectual property and other rights in the compound underlying VVN461 and VVN432 to E-nitiate and E-nitiate granted us, among others, an exclusive, perpetual and irrevocable license to develop, manufacture and commercialize such compound (other than with respect to oral dosage formulation) in the ophthalmology (effective on and from February 10, 2021) and rhinology (effective on and from January 29, 2024) fields globally. See "Business—Our Collaboration and License Agreements—Arrangements with E-nitiate."

(2) We had a Type C meeting with the FDA in November 2025, during which the FDA confirmed our plan to directly initiate a Phase III clinical trial (*i.e.*, no additional Phase I and Phase II clinical trials needed) of VVN461(HD) in the United States for the treatment of NIAU. We plan to submit an IND amendment in the fourth quarter of 2026 and directly commence such Phase III clinical trial in the first half of 2027. See "Business—Our Product Candidates—Our Core Products—VVN461(HD)—Non-Infectious Anterior Uveitis (NIAU)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products."

(3) We obtained an IND approval from the NMPA to directly initiate a Phase II clinical trial (*i.e.,* no additional Phase I clinical trial needed) of VVN461 for the treatment of SS-DED by leveraging the Phase I clinical trial results of VVN461 in China. See "Business—Our Product Candidates—Our Core Products—VVN461(HD)—Sjögren's Syndrome-Related DED (SS-DED)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the PRC—Laws and Regulations in Relation to New Drug—Conduct of Clinical Trial."

(4) We plan to collaborate with academic research institutions in the United States to commence investigator-initiated trials (IIT) of VVN461 for the treatment of scleritis and oGVHD in the fourth quarter of 2026. We plan to submit IND amendments to the FDA for directly initiating registration-enabling pivotal clinical trials of VVN461(HD) in the United States for these indications by leveraging the IIT results.

(5) We intend to develop VVN461(HD) for the treatment of pediatric uveitis. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

(6) We intend to develop VVN461(HD) for the treatment of VKC. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

(7) Based on communications with the FDA, we directly commenced a Phase II clinical trial of VVN001 in the United States by leveraging our preclinical study results, including satisfactory safety data. See "Business—Our Product Candidates—Our Core Products—VVN001—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products." We completed such Phase II clinical trial in April 2022.

(8) Based on communications with the FDA, we directly commenced a Phase II clinical trial of VVN461 for the treatment of postoperative ocular inflammation in the United States by leveraging the Phase I clinical trial results of VVN461 in China. See "Business—Our Product Candidates—Our Other Product Candidates—VVN461(LD)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products." We completed such Phase II clinical trial in October 2024.

Our Core Products

VVN461(HD)

VVN461 is a JAK1/TYK2 inhibitor designed to block key inflammatory signaling pathways. VVN461(HD) is potentially the world's first Janus kinase (JAK) inhibitor eye drop. VVN461 demonstrated, in our *in vitro* preclinical studies, potent inhibition of both JAK1 and TYK2 at kinase level and cellular level. With improved solubility utilizing our flash transmucosal delivery system, more drug substance of VVN461 can be delivered within the small volume that can be retained on the ocular surface, thereby increasing the amount of active drug available for corneal penetration and therapeutic effect. In our head-to-head Phase II clinical trial of VVN461 in NIAU patients in China, VVN461(HD) demonstrated anti-inflammatory efficacy comparable to that of corticosteroids while potentially avoiding the typical adverse effects associated with corticosteroids.

We obtained an IND approval from the NMPA for VVN461 for the treatment of NIAU in January 2023. We commenced a Phase I clinical trial of VVN461 in healthy subjects in China in March 2023 and completed such trial in December 2023. We commenced a Phase II clinical trial of VVN461 in patients with NIAU in China in November 2023 and completed such trial in February 2025. Based on efficacy results in the Phase II clinical trial, our VVN461(HD) for the treatment of NIAU received the breakthrough therapy designation (BTD) from the NMPA. We commenced a Phase III clinical trial in patients with NIAU in China in November 2025 and expect to complete such trial in the first half of 2027. As JAK1/TYK2 inhibitors have the potential to address a broad spectrum of ocular surface inflammatory conditions, in addition to NIAU as VVN461(HD)'s lead indication, we are also developing VVN461(HD) for Sjögren's syndrome–related DED (SS-DED), scleritis, ocular graft versus host disease (oGVHD), pediatric uveitis and vernal keratoconjunctivitis (VKC).

In February 2021, we entered into an asset transfer and license agreements with E-nitiate. Pursuant to such agreements, we transferred, among others, intellectual property and other rights in the compound underlying VVN461 to E-nitiate and E-nitiate granted us, among others, an exclusive, perpetual and irrevocable license to develop, manufacture and commercialize VVN461 eye drop in the ophthalmology and rhinology fields globally. As a result of such arrangement, we hold exclusive global rights to develop, manufacture and commercialize VVN461(HD) eye drop in the ophthalmology fields. Hence, we have full, irrevocable and unencumbered control over the R&D activities, future development plan and commercialization activities of VVN461(HD) eye drop. See "Business—Our Collaboration and License Agreements—Arrangements with E-nitiate."

Despite our arrangement with E-nitiate, we independently developed VVN461(HD) from discovery and preclinical studies to Phases I, II and III clinical trials. We did not rely on any material R&D conducted by E-nitiate and did not employ any personnel from E-nitiate for the development of VVN461(HD). We conducted preclinical studies of VVN461 before the transfer and licensing arrangements in February 2021 and completed preclinical studies and Phase I and Phase II clinical trials of VVN461 subsequent to the arrangements.

Market Opportunity and Competitive Landscape

According to Frost & Sullivan, there were 2.9 million NIAU patients in China in 2025. The NIAU drug market is estimated to increase from US$204.7 million in 2025 to US$1,053.6 million in 2035, at a CAGR of 17.8%.

As of the Latest Practicable Date, no drugs had been approved for NIAU treatment in China. As of the same date, two drug candidates were in the clinical stage in China, including our VVN461 and another innovative drug candidate. See "Industry Overview—Ocular Inflammation—Non-Infectious Anterior Uveitis" and "Business—Our Product Candidates—Our Core Products—VVN461(HD)—Non-infectious Anterior Uveitis (NIAU)" for details.

VVN001

VVN001 is a LFA-1 antagonist designed to treat moderate-to-severe DED. VVN001 demonstrated efficacy comparable to first-generation LFA-1 antagonist in our *in vitro* preclinical studies, while having improved efficacy and safety compared to the current standard of care eye-drop treatment of moderate-to-severe DED, with no stinging sensation commonly associated with the current standard of care, as demonstrated in our Phase II clinical trial of VVN001 in the United States. In addition, in the same clinical trial, VVN001 exhibited ocular surface irritation levels similar to vehicle and significantly lower than those observed with lifitegrast, the first-generation LFA-1 antagonist, improving patient experience and thus increased patient adherence.

We obtained an IND approval of VVN001 from the FDA in October 2020 to directly commence a Phase II clinical trial of VVN001 in the United States by leveraging our preclinical study results, including satisfactory safety data. We commenced a Phase II clinical trial in the United States in December 2020 and completed such trial in April 2022. Meanwhile, we obtained an IND approval from the NMPA in March 2021 and commenced a Phase I clinical trial of VVN001 in healthy subjects in China in August 2021. We completed such trial in December 2021. We then commenced a Phase II clinical trial of VVN001 in November 2021 in China in patients with moderate-to-severe DED and completed such trial in December 2022. Following completion of the Phase II clinical trial, we conducted additional studies for process improvement, such as optimizing the API form and manufacturing process, such as impurity and scale-up controls, to enhance the overall quality profile of VVN001, so as to enhance its efficacy and safety. We commenced a Phase III clinical trial in patients with moderate-to-severe DED in China in June 2024 and expect to complete such trial in the first half of 2027.

Market Opportunity and Competitive Landscape

According to Frost & Sullivan, the global moderate-to-severe DED patient population is estimated to increase from 349.5 million in 2025 to 425.3 million in 2035 while the moderate-to-severe DED patient population in China is estimated to increase from 113.7 million in 2025 to 130.1 million in 2035. Accordingly to Frost & Sullivan, the global drug market for moderate-to-severe DED is estimated to grow from US$1,404.2 million in 2025 to US$2,239.7 million in 2035, at a CAGR of 4.8%, and the drug market for moderate-to-severe DED in China is estimated to increase from US$223.9 million in 2025 to US$903.6 million in 2035, at a CAGR of 15.0%.

As of the Latest Practicable Date, there were 10 drugs approved for the treatment of DED, including 5 innovative drugs, and 65 drug candidates in the clinical stage for the treatment of DED, including our VVN001 and 34 other innovative drug candidates, outside China. As of the Latest Practicable Date, there were 21 drugs approved for the treatment of DED, including 5 innovative drugs, and 37 drug candidates in the clinical stage for the treatment of DED, including our VVN001 and 12 other innovative drug candidates, in China. See "Industry Overview—Dry Eye Disease" and "Business—Our Product Candidates—Our Core Products—VVN001" for details.

COMPETITION

The ophthalmic pharmaceutical market is highly competitive and is characterized by extensive research efforts. We believe our integrated technology platforms, comprehensive and differentiated product pipeline, product candidate with first-in-class potential, globalized research and development and ecosystem collaboration provide us with strong competitive advantages. We face potential competition from many different entities, including pharmaceutical and biopharmaceutical companies, academic institutions and public and private research institutions. Our Core Products and other product candidates face competition from approved and clinical-stage product candidates that focus on similar indications and target similar patient population, and these competing products may have strengths and advantages when compared to our product candidates. See "Industry Overview" and "Business—Competition."

OUR STRENGTHS

We believe our strengths are:

- Innovative ophthalmic therapies supported by integrated technology platforms spanning entire lifecycle of drug development;

- Comprehensive and differentiated product pipeline;

- Potential first-in-class JAK inhibitor eye drop for ophthalmic anti-inflammatory therapy to reshape traditional treatment paradigms;
- Globalized research and development and ecosystem collaboration; and
- Expert management team supported by scientific advisory board and reputable investors.

OUR STRATEGIES

We plan to pursue the following strategies:

- Build an innovation-driven "VivaVision" brand with global reach;
- Accelerate the development of our competitive, differentiated innovative Core Products;
- Continue to enhance our R&D capabilities and expand our product pipeline;
- Establish a commercial-ready, efficient operations and manufacturing system; and
- Pursue international expansion and organic collaborations opportunities to maximize our products' global commercial value.

RESEARCH AND DEVELOPMENT

We believe research and development is critical to our ability to grow into a biopharmaceutical company and remain competitive in the industry. We conduct our R&D activities through an in-house team as well as engagement of external contract research organizations (CROs), as is in line with industry practice. In the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we engaged 36, 36 and 16 CROs, respectively, and recorded CRO expenses of RMB35.7 million, RMB44.7 million and RMB26.6 million, respectively. We have established three R&D platforms to support our drug discovery and development, namely our ophthalmic small-molecule drug discovery platform, advanced formulation development platform and translational research platform for innovative ophthalmic drug. We incurred research and development expenses of RMB128.3 million, RMB94.4 million and RMB56.9 million in the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively, representing 89.4%, 82.2% and 72.4% of our total operating expenses in the respective periods. Our research and development expenses decreased from 2024 to 2025 primarily because we completed the Phase II clinical trial of VVN461 in the United States and the Phase I clinical trial of VVN1901 in late 2024 and the Phase II clinical trial of VVN461 in China in early 2025 while we only began the Phase III clinical trial of VVN461(HD) and the Phase II clinical trial of VVN1901 in the second half of 2025. In the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we incurred research and development expenses of RMB15.2 million, RMB16.3 million and RMB16.5 million, respectively, for the development of VVN461(HD), primarily for the treatment of NIAU, accounting for 10.6%, 14.2% and 21.0% of our total operating expenses in the respective periods. In the same periods, we incurred research and development expenses of RMB34.2 million, RMB32.2 million and RMB16.0 million, respectively, for the development of VVN001, accounting for 23.8%, 28.0% and 20.4% of our total operating expenses in the respective periods.

INTELLECTUAL PROPERTY

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 particular, with respect to our Core Products, we had 4 patents in China and 11 patents overseas, as well as 2 patent applications in China and 31 patent applications overseas as of the Latest Practicable Date. Except for a patent of compound underlying VVN461 and VVN432, which is licensed by E-nitiate to us, all patents and patent applications of our Core Products as of the Latest

Practicable Date were self-developed and self-owned. See "Business—Our Collaboration and License Agreements—Arrangements with E-nitiate" for details. As advised by our PRC IP Counsel and U.S. IP Counsel, the patents and patent applications owned or controlled by us provide patent protection covering the key technical features of our Core Products, and are closely aligned with the technical characteristics and mechanisms of action of such Core Products. Our Directors are of the view that we have maintained sufficient intellectual property protection for our Core Products and product candidates, as well as their associated technologies. As of the Latest Practicable Date, we had registered two trademarks and one domain name in China. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceeding in respect of, and we had not received notice of any material claim of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent that may have a material adverse impact on us.

MANUFACTURING AND COMMERCIALIZATION

During the Track Record Period, we engaged contract development and manufacturing organizations (CDMOs) to manufacture product candidates for our preclinical and clinical supplies. We intend to continue collaborating with contract manufacturing organizations for the future commercial manufacturing of our Core Products following regulatory approval. In addition, we may also consider establishing in-house manufacturing capabilities in the future.

We are actively formulating our commercialization plans in anticipation of multiple potential product launches over the next few years. In developing these strategies, we will consider key factors such as pricing, dose regimen, patient economic, social and demographic characteristics, market access and reimbursement policies. As of the Latest Practicable Date, we did not have any approved drug products and therefore had not formulated any specific pricing strategy for our product candidates. Our primary commercialization approach will center on cooperation with established pharmaceutical companies, supported by a specialized in-house team with strong medical and scientific background.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) CROs for preclinical and clinical research, (ii) CDMOs for manufacturing of product candidates used in our research, (iii) site management organizations (SMOs) for clinical trials and (iv) suppliers of laboratory consumables, machinery and equipment. In 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.

RISK FACTORS

There are certain risks and uncertainties involved in [**REDACTED**] in our H Shares, some of which are beyond our control. These risks are set out in "Risk Factors" in this document. Some of the major risks we face include:

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

- 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.
- We incurred net losses historically and may continue to experience net losses in the foreseeable future.
- We have no track record in commercializing our product candidates. Our commercialization plan may not materialize as we expected.
- 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.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical financial information set forth below is derived from, and should be read in conjunction with, our consolidated financial information, together with the accompanying notes, set forth in "Appendix I—Accountants' Report" to this document, as well as the information set forth in "Financial Information" of this document. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

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

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Other income and gains	8,572	7,047	1,806	1,684
Administrative expenses	(15,183)	(20,381)	(6,623)	(21,663)
Research and development expenses	(128,261)	(94,399)	(47,850)	(56,925)
Other expenses	(337)	(305)	(69)	(540)
Finance costs	(66,175)	(81,444)	(37,458)	(48,389)
Share of profits and losses of an associate	(151)	(301)	(147)	(306)
Loss before income tax	**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**
Income tax expense	–	–	–	–
Loss for the year	**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**

Our net losses decreased from RMB201.5 million in 2024 to RMB189.8 million in 2025, primarily due to a decrease in our research and development expenses mainly as we completed a Phase II clinical trial of VVN461 in the United States in October 2024 and completed a Phase I clinical trial of VVN1901 in September 2024.

Our net losses increased from RMB90.3 million in the six months ended June 30, 2025 to RMB126.1 million in the six months ended June 30, 2026, primarily due to (i) an increase in our administrative expenses, which was primarily attributable to [**REDACTED**] incurred in connection with our proposed listing, and (ii) an increase in our research and development expenses, primarily attributable to an increase in CRO and CDMO costs mainly as we commenced the Phase III clinical trial of VVN461 (HD) and the Phase I clinical trial of VVN432 towards the end of 2025, and the Phase II clinical trial of VVN1901 in the second half of 2025.

Summary of Consolidated Statements of Financial Position

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Total non-current assets	25,862	25,375	28,295
Total current assets	70,914	148,351	97,663
Total current liabilities	43,238	53,849	78,657
Net current assets	27,676	94,502	19,006
Total assets less current liabilities	53,538	119,877	47,301
Total non-current liabilities	584,904	840,090	889,322
Net liabilities	(531,366)	(720,213)	(842,021)

Our net current assets increased from RMB27.7 million as of December 31, 2024 to RMB94.5 million as of December 31, 2025, primarily due to (i) an increase of RMB50.1 million in financial assets at FVTPL mainly as we purchased new wealth management products in 2025 with cash received from our Series D2+ financing, (ii) an increase of RMB30.1 million in debt investments at FVTOCI, partially offset by an increase of RMB10.7 million in trade and other payables primarily due to accrued [**REDACTED**] and a borrowing from a third party. We recorded net current assets of RMB19.0 million as of June 30, 2026, primarily due to (i) a decrease of RMB50.1 million in financial assets at fair value through profit or loss as we redeemed our wealth management products during the period, and (ii) an increase of RMB25.0 million in interest-bearing bank borrowings.

We recorded net liabilities of RMB531.4 million, RMB720.2 million and RMB842.0 million as of December 31, 2024 and 2025 and June 30, 2026, respectively, primarily as we recorded redemption liabilities on owners' capital/equity shares in relation to our Pre-[**REDACTED**] Investments. Our net liabilities increased from December 31, 2024 to December 31, 2025, primarily attributable to (i) our total comprehensive loss for the year of RMB190.1 million and (ii) recognition of redemption liabilities on owners' capital/equity shares of RMB175.3 million in 2025, partially offset by capital injections of RMB176.9 million. The redemption rights will be derecognized and credited to equity upon Listing and we expect our net liabilities position will turn into net assets.

Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Net cash used in operating activities	(121,049)	(96,343)	(37,331)	(74,941)
Net cash generated from/(used in) investing activities	64,189	(79,880)	666	58,127
Net cash generated from financing activities	12,392	169,211	73,544	26,609
Net (decrease)/increase in cash and cash equivalents	(44,468)	(7,012)	36,879	9,795
Cash and cash equivalents at beginning of the year	94,798	50,783	50,783	43,577
Effect of foreign exchange rate changes, net	453	(194)	(84)	(321)
Cash and cash equivalents at end of the year	**50,783**	**43,577**	**87,578**	**53,051**

We had net cash outflows from our operating activities during the Track Record Period. Our uses of cash primarily relate to the research and development of our product candidates and the purchase of equipment and machinery. During the Track Record Period, we primarily funded our working capital requirement through equity financing, bank borrowings and cash generated from our operations. Going forward, we believe our liquidity requirements will be satisfied by funds from a combination of cash from operations, cash and cash equivalents, borrowings and [**REDACTED**] from the [**REDACTED**].

Taking into account the financial resources available to us, including cash from operations, cash and cash equivalents, borrowings and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the opinion that we have sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs and research and development expenses for at least the next 12 months from the date of this document.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses and administrative expenses; and (ii) capital expenditures. Taking into account our cash and cash equivalents, restricted bank balances and debt instrument at FVTOCI as of July 31, 2026, and assuming average monthly net cash used in operating activities going forward of [1.1] times the level in the six months ended June 30, 2026, and the estimated capital expenditures with reference to the capital commitments as of June 30, 2026, we estimate that we will be able to maintain our financial viability for [**REDACTED**], or, if we also take into account the [**REDACTED**] from the [**REDACTED**] provided that the [**REDACTED**] is set at [**REDACTED**] per Share, being the low end of the indicative [**REDACTED**], [**REDACTED**]. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

KEY FINANCIAL RATIO

Our current ratio, which equals current assets divided by current liabilities, was 1.6, 2.8 and 1.2 as of December 31, 2024 and 2025 and June 30, 2026, respectively. See "Financial Information—Key Financial Ratio" for details.

[**REDACTED**] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are newly issued in the [**REDACTED**] and [**REDACTED**] Unlisted Shares are converted into H Shares, and (ii) the [**REDACTED**] for the [**REDACTED**] is not exercised and the Convertible Bond is not converted at all, and (iii) [**REDACTED**] Shares are expected to be in issue following the completion of the [**REDACTED**]:

	Based on an [REDACTED] of [REDACTED] per [REDACTED]	**Based on an [REDACTED] of [REDACTED] per [REDACTED]**
Market capitalization of our Shares[(1)]	[**REDACTED**]	[**REDACTED**]
Unaudited *pro forma* adjusted net tangible assets attributable to equity shareholders of our Company per Share[(2)]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The unaudited *pro forma* adjusted consolidated net tangible assets attributable to owners of our Company as of June 30, 2026 per Share is calculated after making the adjustments referred to in "Financial Information—Unaudited Pro Forma Adjusted Net Tangible Assets."

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, our Single Largest Shareholder, Dr. Shen, was deemed to be interested in approximately 15.92% of our Shares. Immediately following the completion of the [**REDACTED**], Dr. Shen will hold approximately [**REDACTED**]% of the Shares (assuming the [**REDACTED**] is not exercised). See the section headed "Relationship with our Single Largest Shareholder" for details.

PRE-[REDACTED] INVESTMENTS

Since 2016, we have completed six rounds of Pre-[**REDACTED**] Investments from the Pre-[**REDACTED**] Investors through subscriptions for increased registered capital of our Company, equity transfers and subscription for the Convertible Bond. The gross proceeds received by our Company from the Pre-[**REDACTED**] Investments involving increase of our registered capital amounted to RMB735 million, of which approximately 84.22% of such funds raised had been utilized as of the Latest Practicable Date. Such proceeds had been primarily utilized for the development and operation of the principal business of our Group, including but not limited to research and development of our pipeline products and our working capital. We expect to fully utilize the remaining proceeds by March 2027 and we will continue to utilize such proceeds for our operations and further development of our Group's principal business as a supplement to the intended uses of [**REDACTED**] from the [**REDACTED**].

Our broad and diverse base of Pre-[**REDACTED**] Investors includes investors focusing on investment in biotech and healthcare industry, among which Longpan Health and Tibet Longpan are Sophisticated Investors. Upon completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, each of Longpan Health and Tibet Longpan will hold approximately [**REDACTED**]% and [**REDACTED**]% of the total issued share capital of our Company, respectively. Pursuant to the PRC Company Law, all Pre-[**REDACTED**] Investors shall not dispose of any of the Shares held by them within 12 months following the Listing Date. For further information of the principal terms of the Pre-[**REDACTED**] Investments and the identity and background of our Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments."

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] of approximately [**REDACTED**] (assuming the [**REDACTED**] is not exercised) after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**] assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per [**REDACTED**] set out in this document. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes.

- approximately [60.0]%, or [**REDACTED**], will be allocated for the development of our VVN461(HD), of which (i) approximately [25.0]%, or [**REDACTED**], will be allocated to the clinical development for the treatment of NIAU in the United States, (ii) approximately [12.5]%, or [**REDACTED**], will be allocated to the clinical development and registration for the treatment of NIAU in China, (iii) approximately [10.0]%, or [**REDACTED**], will be allocated for the treatment of SS-DED in China, and (iv) approximately [12.5]%, or [**REDACTED**], will be allocated to the development of VVN461(HD) for other indications, including scleritis and oGVHD;

- approximately [10.0]%, or [**REDACTED**], will be allocated for the clinical development and registration of our VVN001;

- approximately [15.0]%, or [**REDACTED**], will be allocated for the development and registration other product candidates;

- approximately [5.0]%, or [**REDACTED**], will be used for the establishment of an in-house commercialization team and marketing activities; and

- approximately [10.0]%, or [**REDACTED**], will be allocated to working capital and other general corporate purposes.

See "Business—Our Strategies" and "Future Plans and Use of [**REDACTED**]" for details.

[**REDACTED**]

Assuming the [**REDACTED**] is not exercised and an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**]), we expect to incur approximately [**REDACTED**] of [**REDACTED**] (including the aggregate [**REDACTED**] and fees, professional fees and other expenses relating to the [**REDACTED**]), including (i) [**REDACTED**] (including [**REDACTED**] and other expenses of approximately [**REDACTED**]) and (ii) non [**REDACTED**] of approximately [**REDACTED**], comprising (a) fees and expenses of legal advisers and accountants of approximately [**REDACTED**] and (b) other fees and expenses of approximately [**REDACTED**], accounting for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. Approximately [**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and approximately [**REDACTED**] is expected to be deducted from equity upon Listing. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DIVIDEND POLICY

No dividend has been proposed, paid or declared by our Company since its incorporation. We do not have any plan to declare or pay any dividends in the foreseeable future. We do not have a formal dividend policy. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations.

RECENT DEVELOPMENT

Phase III Clinical Trial of VVN461(HD) for NIAU in China

We completed patient enrollment for the Phase III clinical trial of VVN461(HD) in NIAU patients in China in August 2026. We expect to complete such trial in the first half of 2027. See "Business—Our Product Candidates—Our Core Products—VVN461(HD)—Non-Infectious Anterior Uveitis (NIAU)—Summary of Clinical Trials—Ongoing Phase III Clinical Trial."

Phase I Clinical Trial of VVN432 in China

We completed patient enrollment for the Phase I clinical trial of VVN432 in healthy adults in China in May 2026. We expect to complete such trial in the fourth quarter of 2026. See "Business—Our Product Candidates—Our Other Products—VVN432–Summary of Clinical Trials—Ongoing Phase I Clinical Trial."

No Material Adverse Change

The Directors confirm that, up to the date of this document, there have been no material adverse changes in our financial, operational, or trading position or prospects since June 30, 2026, being the date of the latest reporting period reported on in the Accountant's Report in Appendix I to this document.

CERTAIN MANAGEMENT ESTIMATES

We expect to record an increase in net loss for the year ending December 31, 2026 to the year ended December 31, 2025, primarily attributable to expected increases in research and development expenses as we advance our clinical programs.

CSRC FILING

We submitted a filing to the CSRC for application of the Listing and the [**REDACTED**] on February 20, 2026. The CSRC confirmed our completion of filing on [●].

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

DEFINITIONS

"Accountants' Report"	the accountants' report for the Track Record Period prepared by Ernst & Young, the text of which is set out in Appendix I to this document;
"Articles of Association" or "Articles"	the articles of association of our Company adopted on February 10, 2026 which shall become effective as of the date on which the H Shares are listed on the Stock Exchange, as amended from time to time, a summary of which is set out in "Appendix V—Summary of Articles of Association" to this document;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee of the Board;
"AvenaBio"	AVENABIO LLC, a limited liability company incorporated in the United States on August 4, 2023 and a wholly owned subsidiary of our Company;
"Board" or "Board of Directors"	the board of Directors;
	[**REDACTED**]
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong;
	[**REDACTED**]
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan;
"close associates(s)"	has the meaning ascribed to it under the Listing Rules;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;

"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company"	VivaVision Biotech (Zhejiang) Co., Ltd. (維眸生物科技(浙江)股份有限公司) (formerly known as VivaVision Biotech (Shanghai) Co., Ltd (維眸生物科技(上海)有限公司)), a limited liability company established in the PRC on September 22, 2016 and converted into a joint stock limited liability company in the PRC on January 30, 2026;
"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
"Compliance Adviser"	has the meaning ascribed to it under the Listing Rules;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules;
"Conversion of Unlisted Shares to H Shares"	the conversion of [**REDACTED**] Unlisted Shares in aggregate held by [**REDACTED**] existing Shareholders into H Shares on a one-for-one basis upon the completion of the [**REDACTED**]. Such conversion of Unlisted Shares into H Shares and an application for the H Shares to be listed on the Stock Exchange has been filed with the CSRC on February 20, 2026. The CSRC issued the filing notice on [●] in respect of the [**REDACTED**] and the application for listing of the H Shares on the Stock Exchange;
"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules, which is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide for New Listing Applicants;
"Director(s)"	the director(s) of our Company;
"Dr. Shen" or "Single Largest Shareholder"	Dr. Shen Wang (沈旺), our founder, executive Director, chief executive officer and chairman of our Board and the single largest Shareholder;
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time;

"Employee Incentive Scheme"	the employee incentive scheme approved and adopted by our Company on February 4, 2021, a summary of the principal terms of which is set forth in "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme" to this document;
"E-nitiate"	E-nitiate Biopharmaceuticals (Hangzhou) Co., Ltd. (啟元生物(杭州)有限公司), a limited liability company established in the PRC on November 23, 2020, which is an associate of our Company and an Independent Third Party;
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong;
"Fast Interface for New Issuance" or "FINI"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings;
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party;
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures;
	[**REDACTED**]
"Group"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be);
"Guide"	the Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time;
"H Share(s)"	shares of our Company for which an application [has been] made for listing and permission to trade on the Stock Exchange;
	[**REDACTED**]

[**REDACTED**]

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC;
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, from time to time in force;
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

[**REDACTED**]

"Huzhou Xiulai" or "Employee Ownership Platform"	Huzhou Xiulai Business Consulting Partnership (Limited Partnership) (湖州修睐商務諮詢合夥企業(有限合夥)) (formerly known as Shanghai Xiulai Business Consulting Partnership (Limited Partnership) (上海修睐商務諮詢合夥企業(有限合夥))), a limited partnership established in the PRC on August 14, 2019 and the employee ownership platform of our Group;
"Independent Third Party(ies)"	individuals or company(ies), who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules;

[**REDACTED**]

"Latest Practicable Date"	August 20, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication;

[**REDACTED**]

"Listing"	the listing of our H Shares on the Main Board;
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange;

"Listing Date"	the date, expected to be on or about [**REDACTED**], on which dealings in our H Shares first commence on the Main Board;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time;
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;

[**REDACTED**]

"PRC IP Counsel"	Global Law Office, our legal advisers as to PRC intellectual property laws in connection with the [**REDACTED**];
"PRC Legal Advisers"	Global Law Office, our legal advisers as to PRC laws in connection with the [**REDACTED**];
"Pre-[**REDACTED**] Investment(s)"	the pre-[**REDACTED**] investment(s) in our Company, details of which are set out in "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" in this document;
"Pre-[**REDACTED**] Investor(s)"	the investor(s) of the Pre-[**REDACTED**] Investments;

[**REDACTED**]

"QIB(s)"	qualified institutional buyers within the meaning of Rule 144A;
"Regulation S"	Regulation S under the U.S. Securities Act;
"Renminbi" or "RMB"	the lawful currency of the PRC;
"Rule 144A"	Rule 144A under the U.S. Securities Act;
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong;
"Share(s)"	ordinary share(s) with nominal value of RMB0.10 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of our Share(s);
"Sole Sponsor," [**REDACTED**]	China International Capital Corporation Hong Kong Securities Limited;
"Sophisticated Investor(s)"	has the meaning ascribed to it under Chapter 2.3 of the Guide issued by the Stock Exchange;
"State Council"	State Council of the PRC (中華人民共和國國務院);

[**REDACTED**]

"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Track Record Period"	the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026;

[**REDACTED**]

"Unlisted Share(s)"	ordinary share(s) (other than H Shares) in the share capital of our Company with a nominal value of RMB0.10 each;
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States;
"U.S. IP Counsel"	Venture Partner, LLC, our legal advisers as to U.S. intellectual property laws in connection with the [**REDACTED**];
"U.S. persons"	U.S. persons as defined in Regulation S;
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time;
"VivaVision Guangzhou"	VivaVision Biotech (Guangzhou) Co., Ltd. (維眸生物科技(廣州)有限公司), a limited liability company established in the PRC on April 24, 2026 and a wholly owned subsidiary of our Company;
"VivaVision Hong Kong"	VIVAVISION BIOTECH (HONG KONG) LIMITED (維眸生物(香港)有限公司), a limited liability company incorporated in Hong Kong on January 16, 2023 and a wholly owned subsidiary of our Company;
"VivaVision Shanghai"	Shanghai VivaVision Yaojing Biotech Co., Ltd. (上海維眸曜睛生物科技有限公司), a limited liability company established in the PRC on July 11, 2023 and a wholly owned subsidiary of our Company;
"VivaVision U.S."	VIVAVISION BIOTECH INC., a limited liability company incorporated in the United States on June 29, 2020 and a wholly owned subsidiary of our Company;

[**REDACTED**]

ACRONYMS

"AFRC"	the Accounting and Financial Reporting Council of Hong Kong;
"CAGR"	compounded annual growth rate, which is calculated by dividing the amount at the end of the period by the amount of the beginning of that period, raising the result to an exponent of one divided by the number of years in the period, and subtracting one from the subsequent result;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CDE"	Center for Drug Evaluation (國家藥品監督管理局藥品審評中心), a division of the NMPA responsible for acceptance and technical review of applications for drug clinical trials and drug marketing authorization;
"CNIPA"	National Intellectual Property Administration of the PRC (國家知識產權局);
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會);
"FDA"	U.S. Food and Drug Administration;
"GMP"	good manufacturing practice
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited;
"IASB"	International Accounting Standards Board;
"IFRS"	International Financial Reporting Standards;
"IND"	Investigational New Drug;
"MAH"	Marketing Authorization Holder;
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局);
"NRDL"	National Reimbursement Drug List;
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會);

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC;
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局); and
"VAT"	value-added tax.

For the purpose of this document, "we" refers to the Company or the Group, as the context requires.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this document in connection with us and our business. Some of these may not correspond to standard industry definitions.

"ACC score"	anterior chamber cell score, a grading of inflammatory cells present in the anterior chamber of the eye, typically assessed by slit-lamp examination using a standardized scoring scale to quantify intraocular inflammation
"ACF score"	anterior chamber flare score, a clinical grading scale to quantify the severity of anterior chamber flare, the presence of protein and inflammatory material in the fluid in the front part of the eye. The flare is typically assigned a numerical grade from 0 to 4, with higher scores indicating more severe intraocular inflammation
"ADA"	anti-drug antibodies, antibodies produced by the immune system in response to a therapeutic drug, which may affect the drug's efficacy, safety or pharmacokinetics
"AE"	adverse event, any untoward medical occurrence in a patient or clinical trial subject associated with the use of a drug or other therapy
"AMD"	age-related macular degeneration, a degenerative disease of the macula and a leading cause of vision loss in older adults
"anterior segment"	structures in the front part of the eye, including the cornea, anterior chamber, iris, ciliary body and lens. Many topical ophthalmic therapies primarily target the anterior segment
"AUC"	area under the concentration-time curve, a pharmacokinetic parameter that represents the total systemic exposure of the body to a drug over time, calculated as the area under the plasma drug concentration versus time curve
"BFS"	blow-fill-seal, a manufacturing technology that forms, fills and seals plastic containers in a single, automated and enclosed process, enabling the production of sterile, single-use liquid pharmaceutical products with reduced risk of contamination and high consistency of dosing
"bioavailability"	the fraction of an administered dose of drug that reaches the systemic circulation, which is one of the principal pharmacokinetic properties of drugs
"biologics"	medicinal products that are derived from living organisms or produced using biological processes, and typically comprise complex biological molecules or materials, such as proteins, antibodies and other biological substances

GLOSSARY OF TECHNICAL TERMS

"BQL"	below the qualification limit, concentration measurements which are too small for specific values to be assigned
"BTD"	breakthrough therapy designation, a regulatory status awarded to drugs by the NMPA that show substantial improvement over existing therapies for serious or life-threatening conditions, based on preliminary clinical evidence
"cataract"	a dense, cloudy area that forms in the lens of the eye which leads to vision loss
"CDMO"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CFS score"	corneal fluorescein staining score, a clinical measure of damage to the surface of the cornea obtained by instilling fluorescein dye in the eye and grading the resulting staining pattern. The cornea is typically divided into five predefined zones (central, inferior, superior, temporal and nasal), each assigned a numerical score (abbreviated as cCFS, iCFS, sCFS, tempCFS and nCFS, respectively) according to a standard grading scale. A total corneal fluorescein staining score (abbreviated as "total CFS" or "tCFS") is then calculated as the sum of the scores for the individual zones, with higher scores indicating more pronounced corneal surface damage
"C_{max}"	the highest measured concentration of a drug in blood or plasma after administration
"cornea"	the transparent part of the coat of the eyeball that covers the iris and pupil and admits light to the interior
"corticosteroids"	class of steroid hormones that lowers inflammation in the body and reduces immune system activity
"CRO"	contract research organization, a company that provides support to pharmaceutical companies by providing a range of professional research services on a contract basis
"CRS"	chronic rhinosinusitis, a long-term inflammation of the nose and paranasal sinuses associated with symptoms such as nasal blockage, discharge, facial pressure and reduced sense of smell. Chronic rhinosinusitis is commonly classified into two forms: chronic rhinosinusitis with nasal polyps (CRSwNP) and chronic rhinosinusitis without nasal polyps (CRSsNP)

GLOSSARY OF TECHNICAL TERMS

"cyclosporine A" or "CsA"	an immunomodulatory agent used in ophthalmology primarily for the treatment of dry eye disease and other inflammatory ocular surface disorders
"cytokines"	small secreted proteins released by cells that have a specific effect on the interactions and communications between cells
"DED"	dry eye disease, a common condition in which the eyes do not produce enough tears or the tears evaporate too quickly, leading to ocular surface damage and symptoms such as dryness, irritation and visual disturbance
"DME"	diabetic macular edema, swelling in the central part of the retina (macula) due to leakage from damaged blood vessels in people with diabetes
"double-masked"	a type of clinical trial in which neither the participants nor the researchers know which treatment a specific participant is receiving, which helps prevent bias or expectations from influencing the results of the study
"epithelial defect"	a loss or break in the surface layer of epithelial cells, typically referring to a discontinuity in the corneal or conjunctival epithelium of the eye, exposing the underlying tissue
"fundus"	the inside back part of the eye, including the retina, optic nerve and blood vessels
"glaucoma"	a group of eye diseases characterized by progressive damage to the optic nerve, often associated with elevated intraocular pressure, which can lead to gradual loss of vision and, if left untreated, blindness
"Grade IIIA hospitals"	the largest and best regional hospitals in China designated as Grade III hospitals by the National Health Commission hospital classification system, typically having more than 500 beds, as for a comprehensive hospital providing high-quality professional healthcare services covering a wide geographic area and undertaking higher academic and scientific research initiatives. The Grade III hospitals are graded into three sub-levels (A, B and C) based on the assessment of competent authorities and Grade IIIA hospitals are the highest ranking hospitals among Grade III hospitals
"IC_{50}"	the concentration of a drug or substance that produces 50% of its maximum inhibitory effect in a biological system
"IDMC"	independent data monitoring committee, an independent expert group that reviews data during a clinical trial to monitor safety and efficacy

"immunogenicity"	the ability of a drug, particularly a biological product, to provoke an immune response in the body, including the formation of anti-drug antibodies
"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials
"inflammatory cytokine pathways"	cell signaling pathways activated by cytokines that trigger or regulate inflammation. Dysregulation of these pathways can contribute to many immune-mediated and inflammatory diseases
"innovative drug"	a drug that contains an active ingredient or combination of active ingredients that has not been authorized before, or a drug that contains an existing active ingredient or combination of active ingredients with improvements on its structure, formulation, route of administration or indication. Under relevant PRC chemical drug registration regulations, innovative drugs include class 1 drugs (innovative new drugs), class 2 drugs (improved new drugs) and class 5.1 drugs (innovative or improved new drugs that have been marketed abroad and apply for approval in China). Under relevant drug registration regulations in the United States, innovative drugs refer to new molecular entity drugs which are active ingredients that contain no active moiety that has been previously approved by the FDA in new drug applications or has been previously marketed as a drug in the United States
"interferon" or "IFN"	a family of signaling cytokines produced by host cells in response to viruses, other pathogens and immune stimuli, and act as key mediators of antiviral defense and immune regulation
"interleukin" or "IL"	a family of signaling cytokines produced by white blood cells and function as key mediators of immune cell communication, regulating cell proliferation, differentiation, motility and survival across both innate and adaptive immunity
"intravitreal space"	the space within the eye that is filled by the vitreous humor (the clear gel-like substance between the lens and the retina)
"investigator-initiated trial" or "IIT"	a clinical study that is designed and initiated by an independent investigator who acts as the sponsor, instead of being initiated by a pharmaceutical company
"*in vitro*"	experiments or tests performed outside a living organism
"*in vivo*"	experiments or tests performed within a living organism

"JAK"	Janus kinase, a family of tyrosine kinase enzymes (including JAK1, JAK2, JAK3 and TYK2) that transmit signals from various cytokine receptors involved in immune and inflammatory responses
"KOL"	key opinion leader, professional (in the context of the medical industries) who influence their peers' medical practice
"LFA-1"	lymphocyte function-associated antigen-1, a protein found on the surface of certain white blood cells, including T cells. LFA-1 is an integrin adhesion molecule that helps immune cells adhere to other cells and migrate into tissues, and it plays an important role in immune responses and inflammation
"macula"	an oval-shaped pigmented area near the center of the retina which is responsible for central, high-resolution, color vision
"MOA"	mechanism of action, the specific way in which a drug produces its therapeutic effect in the body
"NDA"	new drug application, an application through which the drug sponsor formally proposes that the relevant regulatory authority approve a new drug for sales and marketing
"NIAU"	non-infectious anterior uveitis, an inflammation of the front part of the uvea that is not caused by infection and is often related to immune-mediated conditions
"NK"	neurotrophic keratitis, a rare degenerative disease of the cornea caused by impaired corneal nerve function, leading to reduced corneal sensitivity, poor healing and risk of corneal damage, ulceration and vision loss
"NSAIDs"	non-steroidal anti-inflammatory drugs, a class of drugs that reduce inflammation without using steroids
"oGvHD"	ocular graft-versus-host disease, an ocular manifestation of graft-versus-host disease that occurs after allogeneic hematopoietic stem cell or bone marrow transplantation, in which donor immune cells attack the recipient's ocular tissues. This can cause severe dry eye, ocular surface inflammation, discomfort and visual disturbance, and can significantly affect quality of life
"ophthalmology"	a branch of medical science dealing with the structure, functions and diseases of the eye

"pediatric uveitis"	inflammation of the uveal tract of the eye occurring in children. It can be associated with systemic autoimmune diseases and may lead to complications such as glaucoma or cataract if not adequately treated
"Phase I clinical trial"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness
"Phase II clinical trial"	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the drug for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trial"	a study in which a drug is administered to an expanded patient population at geographically dispersed clinical trial sites to generate statistically sufficient data to evaluate the efficacy and safety of the drug for regulatory approval and to provide adequate information for the labeling of the product
"PK"	pharmacokinetics, the study of how the human body affects a drug over time, including its absorption, distribution, metabolism and excretion
"placebo"	a medical treatment or preparation with no specific pharmacological activity
"preclinical study"	research that tests a drug candidate on non-human subjects to gather efficacy and safety information to decide whether the drug candidate is ready for clinical trials in human participants
"preferred term"	the standardized medical term that represents a single medical concept and is used as the primary term for coding and analyzing safety data
"presbyopia"	an age-related loss of the eye's ability to focus on near objects, usually becoming noticeable from around the age of 40, due to gradual stiffening of the lens
"primary endpoint"	the main outcome in a clinical trial that is used to assess whether a treatment is effective. The study is usually designed and statistically powered around this pre-specified endpoint
"randomized clinical trial"	a study in which the participants are divided by chance into separate groups that compare different treatments or other interventions

GLOSSARY OF TECHNICAL TERMS

"rescue medication"	medicine intended to relieve symptoms immediately
"retina"	a thin layer of tissue that lines the back of the eye on the inside
"rNGF"	recombinant nerve growth factor, a laboratory-produced form of nerve growth factor used therapeutically to support the survival, maintenance and regeneration of certain nerve cells
"RVO"	retinal vein occlusion, blockage of a retinal vein, leading to retinal swelling, hemorrhage and potential vision loss
"SAE"	serious adverse event, AE that results in death, or is life-threatening, or requires in-patient hospitalization or causes prolongation of existing hospitalization, or results in persistent or significant disability or incapacity, or is a congenital anomaly or birth defect
"SANDE scores"	scores derived from the symptom assessment in dry eye questionnaire, a patient-reported instrument that uses visual analog scales to quantify the frequency and severity of dry eye symptoms
"Schirmer's test"	a diagnostic test to measure tear production, in which a strip of filter paper is placed in the lower eyelid and the length of the wetted portion is measured over a fixed period
"scleritis"	a severe, often painful inflammation of the sclera, the white outer wall of the eye. It is frequently associated with systemic autoimmune diseases and may threaten vision if not properly managed
"secondary endpoint"	outcome measured in a clinical trial to further evaluate the effect of a treatment on other relevant aspects of disease or patient benefit, beyond the primary endpoint
"small molecule"	a low molecular weight compound that can enter cells easily and interact with specific targets such as proteins or enzymes
"SMO"	site management organization, a company that provides operational support in managing clinical trial sites
"SS-DED"	Sjögren's syndrome dry eye disease, a chronic autoimmune disease in which the immune system attacks glands that produce tears and saliva, typically causing dry eyes and dry mouth and sometimes affecting other organs

GLOSSARY OF TECHNICAL TERMS

"STAT"	signal transducer and activator of transcription, a family of protein that transmit signals from cytokines and cell-surface receptors to the cell nucleus, where they regulate the expression of specific genes
"systemic exposure"	the extent and duration to which a drug reaches the systemic circulation and tissues of the body after administration, usually described by pharmacokinetic parameters such as concentration over time
"T cell"	a type of white blood cell that develops in the thymus and plays a central role in adaptive immunity. Major subsets include $CD4^+$ helper T cells, which support other immune cells, and $CD8^+$ cytotoxic T cells, which destroy target cells presenting foreign or abnormal antigens
"TEAE"	treatment-emergent adverse event, an adverse event that arises or worsens after the start of study treatment in a clinical trial, regardless of whether it is considered related to the treatment
"tear film"	a thin fluid layer that covers the outer surfaces of the eye
"T-helper cell" or "Th cell"	a type of T cell that activates other immune cells by releasing cytokines and play an important role in the adaptive immune system, which is also known as CD4+ T cells
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals. Acute toxicity involves harmful effects in an organism through a single or short-term exposure
"transmucosal delivery"	a method of drug delivery in which a medicine is absorbed through a mucous membrane (for example, oral, nasal or ocular surfaces) into the body, rather than through the skin or by injection
"uvea"	the middle, vascular layer of the eye, lying between the sclera (white of the eye) and the retina. The uvea consists of the iris, ciliary body and choroid
"uveitis"	inflammation of the uveal tract of the eye. Uveitis can be classified by anatomical location as anterior uveitis, intermediate uveitis, posterior uveitis or panuveitis, and by cause as infectious uveitis or non-infectious uveitis
"VAS"	visual analog scale, a patient-reported outcome measure in which a person rates the severity of symptoms or discomfort along a continuous line between two end-points

GLOSSARY OF TECHNICAL TERMS

"VEGF"	vascular endothelial growth factor, a signaling protein that stimulates the growth of new blood vessels
"vehicle"	in pharmaceutical formulations, the inert substance (such as a liquid, gel or cream base) used to carry the active ingredient and facilitate its administration
"VKC"	vernal keratoconjunctivitis, a chronic, recurrent allergic disease of the eye that typically affects children and young adults. It involves inflammation of the conjunctiva and cornea, and can cause intense itching, photophobia and, in severe cases, corneal damage

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- the timing of initiation and completion and the progress of our research and development programs and clinical trials;
- the timing and likelihood of regulatory filings and approvals, and pricing of our product candidates;
- the commercialization of our product candidates;
- the market opportunities and competitive landscape of our product candidates;
- estimates of our costs, expenses, future revenues, capital expenditures and our needs for additional financing;
- our ability to attract and retain senior management and key employees;
- our operations and business prospects;
- future developments, trends, conditions and competitive landscape in the industry and markets in which we operate;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement them;
- our financial condition and operating results and performance;
- industry trends and competition; and
- general political and economic conditions.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

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 pathogeneses, 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

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.

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

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.

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

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.

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.

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

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

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.

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

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

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.

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.

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

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.

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.

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;

- 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.

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

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;

- 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.

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.

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.

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.

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.

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

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税法》) 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

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**].

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Since our business operations are not principally located, managed or conducted in Hong Kong, and our Directors consider that the relocation of our executive Directors to Hong Kong or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to, among others, the following conditions:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives (the "Authorized Representatives"), Dr. Shen Wang (沈旺), our executive Director, chief executive officer and chairman of our Board, and Dr. Sun Yanyan (孫妍妍), our joint company secretary, who will act as our Company's principal channel of communication with the Stock Exchange. Each of our Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email (where available). Each of our Authorized Representatives is authorized to communicate on our behalf with the Stock Exchange;

(b) both of our Authorized Representatives have means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. Each of our Directors has provided his/her respective mobile phone numbers, office phone numbers, fax numbers and/or email addresses (where available) to our Authorized Representatives. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our Authorized Representatives or maintain an open line of communication via his/her mobile phone. Each of our Directors and Authorized Representatives has provided his/her mobile phone numbers, office phone numbers, fax numbers and/or email addresses (where available) to the Stock Exchange;

(c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Somerley Capital Limited as our Compliance Adviser, which shall have access at all times to our Authorized Representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and

(d) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our Authorized Representatives and/or the Compliance Adviser.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide issued by the Stock Exchange, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

According to Chapter 3.10 of the Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the Listing Date (the "Waiver Period") and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Dr. Sun Yanyan (孫妍妍) ("Dr. Sun") and Ms. Chan Ching Nga (陳靜雅) ("Ms. Chan") as our joint company secretaries. Dr. Sun joined our Group in April 2023 and currently serves as a vice president of the Group. Dr. Sun has been primarily responsible for the business development, investor relations, capital market operations, corporate secretarial and corporate governance matters of our Group. Our Directors are of the view that, having regard to Dr. Sun's thorough understanding of the overall business operations and corporate governance matters of our Group, she is considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Dr. Sun as a company secretary whose presence in the headquarters of our Group enables her to attend the day-to-day corporate secretarial matters of our Group and to take the necessary actions in an effective and efficient manner.

However, given that Dr. Sun does not possess a qualification stipulated in Note 1 to Rule 3.28 of the Listing Rules nor the "relevant experience" set out in Note 2 to Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Dr. Sun, we have appointed Ms. Chan, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to closely work with and provide support to Dr. Sun during the Waiver Period so as to enable Dr. Sun to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge her duties as a company secretary of a listed issuer.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Dr. Sun as our joint company secretary on the condition that Dr. Sun will be assisted by Ms. Chan as our joint company secretary throughout the Waiver Period. Being a senior manager of Entity Solutions at Computershare Hong Kong Investor Services Limited

and by virtue of her experience in corporate secretarial practice and administration management, Ms. Chan is, in our Directors' opinion, a qualified and suitable person to render assistance to Dr. Sun so as to enable her to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge her duties. In addition, Dr. Sun will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the Waiver Period. Our Company will further ensure that Dr. Sun has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

Such waiver will be revoked immediately if and when Ms. Chan ceases to provide such assistance or our Company commits any material breaches of the Listing Rules during the Waiver Period. Before the expiry of such Waiver Period, we will liaise with the Stock Exchange to enable it to assess the then experience of Dr. Sun, having had the benefit of Ms. Chan's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" in this document for the biographical information of Dr. Sun and Ms. Chan.

EXEMPTION FROM STRICT COMPLIANCE WITH RULE 4.04 OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this document shall include the matters specified in Part I of the Third Schedule thereto and the reports specified in Part II of the Third Schedule thereto.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this document as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a report prepared by our Company's auditor with respect to the profits and losses of our Company in respect of each of the three financial years immediately preceding the issue of this document and the assets and liabilities of our Company at the last date to which the financial statements were prepared.

According to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from strict compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this document must include, among others, the results of our Company in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in that rule shall instead refer to "two financial years" or "two years," as the case may be.

Chapter 1.1A of the Guide has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

(i) the applicant must list on the Stock Exchange within three months after the latest year end;

(ii) the applicant must obtain a certificate of exemption from the SFC on compliance with Section 38(1) or Section 342(1) of and paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(iii) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the listing document or the applicant must provide justification why a profit estimate cannot be included in the listing document; and

(iv) there must be a directors' statement in the listing document that there is no material adverse change to the applicant's financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

The Accountants' Report for each of the two financial years ended December 31, 2024 and 2025 and the [nine] months ended [September 30], 2026 [has been prepared and set out in the section headed "Appendix I — Accountants' Report" to this document].

Pursuant to the relevant requirements set out above, our Company is required to produce two full years of audited accounts for the years ended December 31, 2025 and 2026.

We have applied to the Stock Exchange for a wavier from strict compliance with the requirements under Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following grounds:

(a) our Company is primarily engaged in development and commercialization of innovative ophthalmic treatments, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) there would not be sufficient time for our Company and the Reporting Accountants to finalize the audited financial statements for the year ending December 31, 2026 for inclusion in this document. If the financial information for the year ending December 31, 2026 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial work to prepare, update and finalize the Accountants' Report and this document and the relevant sections of this document will need to be updated to cover such additional period within a short period of time. Our Directors consider that the benefits of such work to the existing and prospective Shareholders may not justify the additional work and expenses involved and the delay of the listing timetable of our Company;

(c) our Directors and the Sole Sponsor confirm herein that, after performing all reasonable due diligence work which they consider appropriate, up to the date of this document, except to the extent disclosed in "Summary — Recent Developments" and "Summary — No Material Adverse Change" in this document, there has been no material adverse change to the financial and trading positions or prospects of our Company since [September 30], 2026 (immediately following the date of the latest audited statement of financial position in the Accountants' Report as set out in Appendix I to this document) to the date of this document and there has been no event since [September 30], 2026 which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this document, the [profit/loss] estimate for the year ending December 31, 2026 as set out in the section headed "[Appendix IIB — Profit/Loss Estimate]" to this document and "Financial Information" or other parts of this document;

(d) the Accountants' Report for each of the financial year ended December 31, 2024 and 2025 and the [nine] months ended [September 30], 2026 [has been] disclosed in the document of the Company and is set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;

(e) notwithstanding that the financial results set out in this document are only for the two years ended December 31, 2024 and 2025 and the [nine] months ended [September 30], 2026 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements;

(f) given that Chapter 18A of the Listing Rules provides that the minimum track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company as this would require additional work to be performed by us and our reporting accountants;

(g) our Directors are of the view that the Accountants' Report covering the two years ended December 31, 2024 and 2025 and the [nine] months ended [September 30], 2026, together with the [profit/loss] estimate for the year ending December 31, 2026, and other disclosures in this document, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company, and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of our Group's business, assets and liabilities, financial position, trading position, management and prospects has been included in this document. Therefore, the exemption would not prejudice the interest of the investing public; and

(h) we will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the publication of our annual results and annual report. Our Company currently expects to issue our annual results and annual report for the financial year ending December 31, 2026 on or before March 31, 2027 and April 30, 2027, respectively. In this regard, our Directors consider that the Shareholders, the [**REDACTED**] public as well as potential investors of our Company will be kept informed of the financial results of our Group for the financial year ending December 31, 2026.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Accordingly, we have applied to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver [has been granted] by the Stock Exchange on the conditions that:

(i) this document will be issued on or before [**REDACTED**] and Shares of our Company must be listed on the Stock Exchange on or before [**REDACTED**];

(ii) our Company has obtained a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(iii) this document contains a [profit/loss] estimate for the year ending December 31, 2026 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) and the statement from our Directors that there is no material adverse change to our financial and trading positions or prospects, with specific reference to our trading results from [September 30,] 2026 to December 31, 2026; and

(iv) we will publish the preliminary results announcement for the financial year ending December 31, 2026 by not later than March 31, 2027 and the annual report for the financial year ending December 31, 2026 by not later than April 30, 2027, respectively, in compliance with Rules 13.49 and 13.46 of the Listing Rules.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this document, that this document will be issued on or before [**REDACTED**] and the Shares of our Company will be listed on the Stock Exchange on or before [**REDACTED**].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Name	Address	Nationality
Executive Directors		
Dr. Shen Wang (沈旺)	Room 702 No. 34, 800 Nong, Jinxiu Road Pudong New District Shanghai PRC	United States
Dr. Xia Erning (夏爾寧)	Room 701 No. 15, 802 Nong, Yinghua Road Pudong New District Shanghai PRC	United States
Non-executive Directors		
Ms. Sun Jialin (孫佳林)	Room 501, Block 99 Xi'an Huayuan No. 89 Xingzhou Street Suzhou Industrial Park District Suzhou Jiangsu Province PRC	Chinese
Mr. Huang Yide (黃益德)	Room 2402, Building 1 Banshan Yujing, No. 68 Qiaoyue Li Siming District Xiamen Fujian Province PRC	Chinese
Independent non-executive Directors		
Mr. Xu Decai (徐德才)	Room 1602, Building 3 Wanliufengshang Mingju Haidian District Beijing PRC	Chinese
Mr. Shen Hongquan (申紅權)	Room 904 No. 7, Sanlihe Erqu Xicheng District Beijing PRC	Chinese
Mr. Zhang Nan (張楠)	Flat F, 19/F, Block 2 Fleur Pavilia 1 Kai Yuen Street North Point Hong Kong	Chinese

For further information regarding our Directors, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED]

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[REDACTED]

Legal advisers to our Company

As to Hong Kong and U.S. laws:
Linklaters
11/F, Alexandra House
Chater Road
Central
Hong Kong

As to PRC laws:
Global Law Office
15&20/F, Tower 1 China Central Place
No. 81 Jianguo Road
Chaoyang District
Beijing
PRC

As to PRC intellectual property laws:
Global Law Office
15&20/F, Tower 1 China Central Place
No. 81 Jianguo Road
Chaoyang District
Beijing
PRC

As to U.S. intellectual property laws:
Venture Partner, LLC
332 S. Michigan Ave.
Suite 900
Chicago, IL 60604
United States

Legal advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Baker & McKenzie** 14/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Auditor and reporting accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717, West Nanjing Road Jingan District Shanghai PRC

[**REDACTED**]

CORPORATE INFORMATION

Headquarters and registered office in the PRC	Room 4020, Building B, Gene Medicine Valley North District Ouhai District Wenzhou City Zhejiang PRC
Principal place of business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's website	**www.vivavisionbio.com** *(information on this website does not form part of this document)*
Joint company secretaries	**Dr. Sun Yanyan (孫妍妍)** Building 6, 917 Nong Halei Road Pudong New District Shanghai PRC **Ms. Chan Ching Nga (陳靜雅)** *(ACG, HKACG)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized representatives	**Dr. Shen Wang (沈旺)** Room 702 No. 34, 800 Nong, Jinxiu Road Pudong New District Shanghai PRC **Dr. Sun Yanyan (孫妍妍)** Building 6, 917 Nong Halei Road Pudong New District Shanghai PRC
Audit Committee	Mr. Xu Decai (徐德才) *(Chairperson)* Mr. Shen Hongquan (申紅權) Mr. Huang Yide (黃益德)
Remuneration Committee	Mr. Zhang Nan (張楠) *(Chairperson)* Mr. Huang Yide (黃益德) Mr. Xu Decai (徐德才)

CORPORATE INFORMATION

Nomination Committee	Mr. Shen Hongquan (申紅權) *(Chairperson)* Mr. Zhang Nan (張楠) Ms. Sun Jialin (孫佳林)
Compliance adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

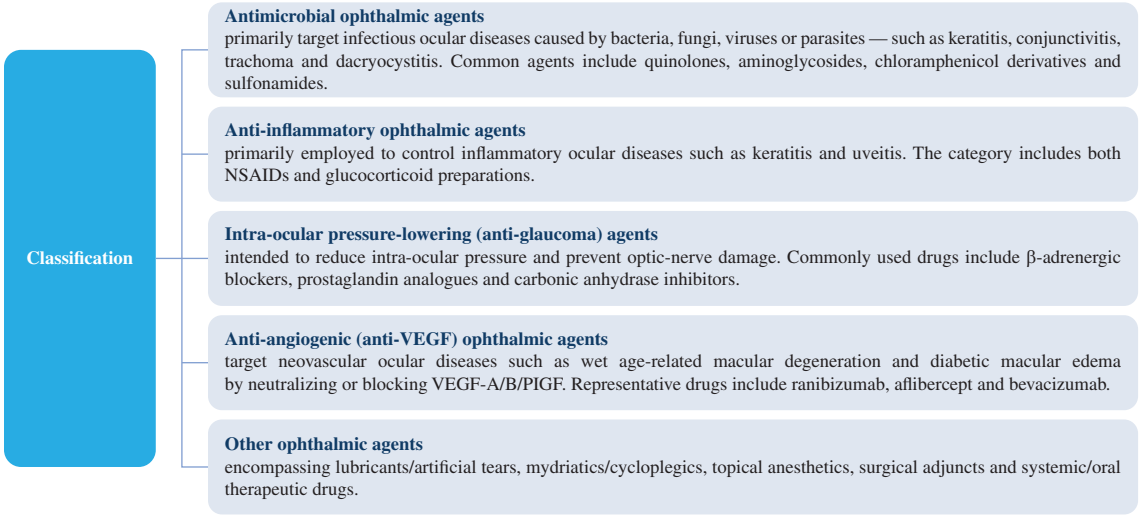
[**REDACTED**]

Principal banks	**China Merchants Bank Wenzhou Ouhai Branch** Room 102 and Room 1008, Building 1 Chuitai Plaza No. 787 Loudong Avenue Ouhai District Wenzhou Zhejiang PRC **China Merchants Bank Shanghai Zhangjiang Branch** 1/F, Building 2, German Centre No. 88 Keyuan Road Pudong New District Shanghai PRC **Huaxia Bank Wenzhou Branch** Huayin Building No. 368, Wanghai Road, Binjiang Street Lucheng District Wenzhou Zhejiang PRC

Certain information and statistics set out in this section have been extracted from various official government publications, market data providers and a report commissioned by us and prepared by an independent third party, Frost & Sullivan. The information from official government sources has not been independently verified by us, the Sole Sponsor,* [REDACTED] *or any of their respective directors, officers, employees, advisers or agents or any other parties involved in the* [REDACTED]*, and no representation is given as to its accuracy, fairness and completeness.

OVERVIEW OF GLOBAL AND CHINA'S OPHTHALMIC DRUG MARKET

Ophthalmic drugs are pharmaceutical products used for the prevention, diagnosis and treatment of diseases affecting the eye and its associated structures, including the cornea, iris, lens, vitreous body, retina, eyelids, conjunctiva and lacrimal glands. These drugs are intended to relieve ocular discomfort, reduce inflammation, regulate intraocular pressure, improve visual function or delay and reverse pathological progression, thereby maintaining and promoting overall ocular health. The following table sets forth the classification of ophthalmic drugs.

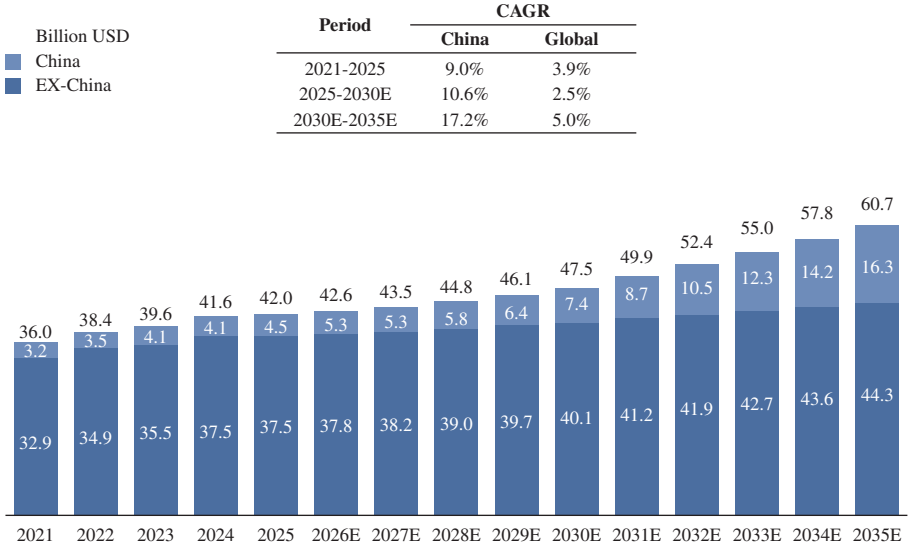


Source: Literature review, Frost & Sullivan report

In 2025, the global ophthalmic drug market was estimated at US$42.0 billion and is projected to reach US$47.5 billion by 2030, representing a CAGR of 2.5% from 2025 to 2030. This expansion is driven primarily by aging populations, rising prevalence of ophthalmic diseases and broader insurance coverage, which together increase treatment demand. From 2030 to 2035, the market is projected to grow further to US$60.7 billion, representing a CAGR of 5.0%. Market growth over this period is expected to result primarily from cutting-edge technological advances and increased cross-border mergers and acquisitions among ophthalmology-focused pharmaceutical and life sciences companies, further enlarging and globalizing the market. Overall, the industry is transitioning from pandemic-driven, short-term expansion to more stable, medium-term growth led by demographic and access factors, as well as innovation and globalization.

Driven by the growing development of innovative drugs, the ophthalmic drug market in China grew rapidly from US$3.2 billion in 2021 to US$4.5 billion in 2025, at a CAGR of 9.0%. The market is estimated to grow to US$7.4 billion in 2030, at a CAGR of 10.6% from 2025 to 2030 and to maintain strong growth momentum, reaching US$16.3 billion by 2035, at a CAGR of 17.2% from 2030 to 2035. The following chart sets forth the historical and estimated ophthalmic drug market for the periods indicated.

Global Ophthalmic Drug Market, 2021-2035E



Period	CAGR	
	China	Global
2021-2025	9.0%	3.9%
2025-2030E	10.6%	2.5%
2030E-2035E	17.2%	5.0%

Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Market Drivers and Future Trends

- *Aging population and expanding disease burden.* Correlated with China's aging population, there is a sustained increase in prevalence of age-related ophthalmic conditions, such as lacrimal gland hypofunction and meibomian gland dysfunction. At the same time, intensive electronic device use and high myopia prevalence are contributing to earlier-onset ocular surface disease. For elderly patients, good visual function is critical to maintaining independence and dignity in daily life, and symptoms such as dry eye–related asthenopia and blurred vision can significantly erode quality of life. Together, these trends broaden the overall patient base and highlight structurally rising demand for effective therapeutic eye drops.

- *Therapeutic innovation and new treatment paradigms.* Continuous advances in ophthalmic therapies, including gene therapy and high-potency small-molecule delivery, are enhancing efficacy, safety and dosing convenience. NSAIDs are emerging as differentiated solutions for chronic inflammatory ophthalmic diseases, offering lower local side effects than steroids and greater suitability for long-term use, with next-generation dual-target molecules further enhancing efficacy and duration of action and expected to reshape future standards of care.

- *Shift toward high-concentration and high-efficiency formulations.* Modern eye-drop development is increasingly focused on high-concentration, high-efficiency formulations that overcome the eye's limited fluid retention capacity. Optimized solubility, stability and tolerability enable effective drug penetration and sustained therapeutic effect within minimal instilled volumes, improving both clinical outcomes and patient adherence.

- *Supportive policy environment and global expansion.* Eye health has received increasing policy attention in China, with government measures fostering a more supportive environment for the development and uptake of ophthalmic therapies and shifting the focus of eye care from a treatment-centered model to a health-centered one. The 15th Five-Year Plan for ophthalmic health sets the overarching direction, committing to build a full care chain spanning prevention, screening, diagnosis, treatment and rehabilitation. Concrete policies in line with this direction include a myopia control program setting specific rate-reduction targets for children and adolescents and the *Brightness Project* (光明扶貧工程) funding cataract surgery for economically disadvantaged patients. Additionally, ongoing reforms to pricing and reimbursement are improving market conditions for innovative ophthalmic drugs. For example, the *Pricing Guidelines for Ophthalmic Services* (《眼科類醫療服務價格項目立項指南（試行）》standardize service fees and provide a stable environment for drug development, while ongoing dynamic National Reimbursement Drug List updates, supported by value-based pricing and multi-drug competition, are improving affordability and access to innovative ophthalmic drugs and supporting long-term management of chronic eye diseases. At the same time, leading Chinese ophthalmic companies are accelerating global expansion through parallel trials in major markets, overseas regulatory approvals and cross-border partnerships, which together enhance research and development capabilities, international brand recognition and the worldwide availability of innovative therapies.

Entry Barriers

- *Technical barriers.* The ophthalmic drug market presents exceptionally high entry barriers, primarily due to the eye's unique anatomy and physiological barriers. Unlike other therapeutic areas, drug development for ocular conditions must overcome natural obstacles such as the corneal barrier and the blood-retinal barrier. This demands molecules with specific molecular weight, solubility and lipophilicity, together with precise targeting of intraocular sites. These highly specialized requirements lengthen development timelines, raise costs and impose stringent standards on formulation design and drug-delivery systems.

- *Capital, talent and channel barriers.* In parallel, the need for sustained high investment and scarce specialized personnel makes it difficult for small and medium-sized enterprises to advance seamlessly from lead compounds to post-marketing real-world evidence. Hospital ophthalmology departments account for the majority of prescriptions, and physicians place heavy emphasis on safety and established brand data; newcomers must therefore undertake lengthy academic promotion, case accumulation and reimbursement negotiations. Coupled with limited market size per individual product and high specialized marketing costs, the break-even point is pushed upward, creating a formidable threshold for market entry.

OCULAR INFLAMMATION

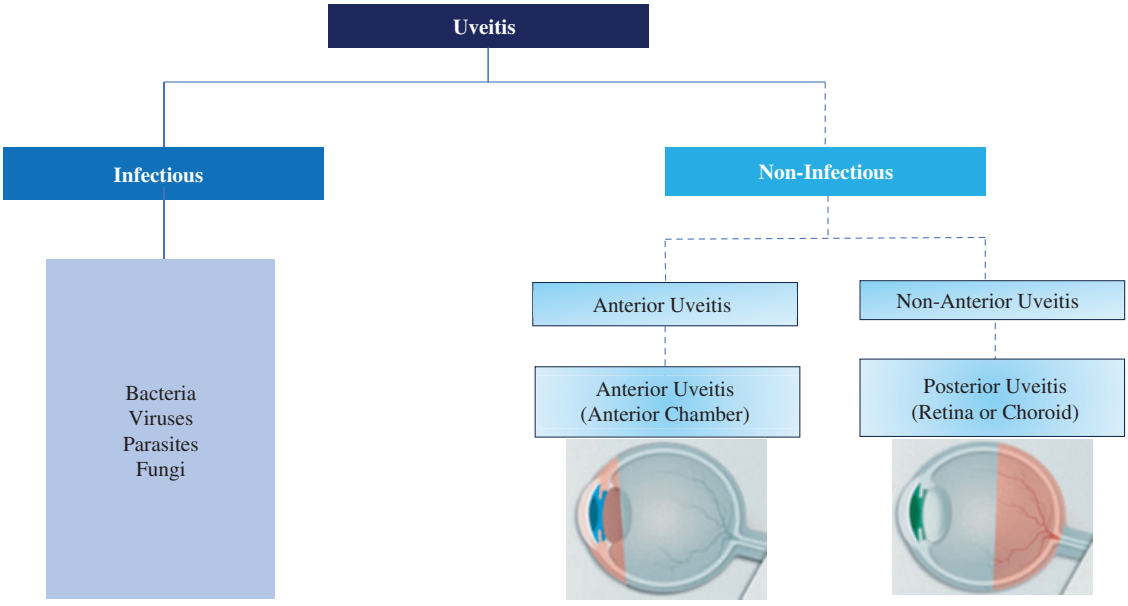
Ocular inflammation refers to inflammatory manifestations such as redness, swelling, pain, increased discharge and visual impairment that occur in the eyeball and its accessory tissues due to infection, allergy, immune response or other stimulating factors, including graft rejection after corneal or ocular surface transplantation. The following table sets forth the main clinical types of ocular inflammation.

Classification	Explanation
Uveitis	Uveitis is inflammation of the eye's middle layer. It is classified by the affected anatomical segment into anterior uveitis, intermediate uveitis, posterior uveitis and panuveitis. This classification aids precise diagnosis and personalized treatment. In children, uveitis often presents insidiously or chronically. Acute anterior uveitis is especially common in those under 16 and can cause permanent vision loss if untreated. Posterior uveitis involves the choroid, retina and vitreous, typically causing blurred vision, flashes or visual field defects, and is a major cause of visual impairment. Panuveitis, the most severe form, affects the entire uvea and adjacent structures, requiring comprehensive systemic therapy.
Conjunctivitis	Conjunctivitis is inflammation of the conjunctiva covering the eye surface and inner eyelids, presenting with redness, increased discharge, itching or mild pain. Common causes include allergens, bacteria, viruses and immune-mediated inflammation. Allergens, especially pollen and dust in spring, are a prominent trigger of seasonal allergic conjunctivitis.
Keratitis	Keratitis is inflammation of the cornea, the eye's transparent front tissue, causing reduced vision, eye pain, photophobia and corneal opacity or ulceration. It is classified by cause into infectious (bacterial, viral, fungal and other pathogens) and non-infectious (immune-mediated or exposure-related) types.
Scleritis	Scleritis is inflammation of the sclera, the tough outer layer of the eye, presenting with deep red eye, pain and visual loss. It is classified according to location and pathological features into anterior scleritis, posterior scleritis and the more severe necrotizing scleritis.
Postoperative ocular inflammation	Postoperative ocular inflammation is a common complication after eye surgeries (such as cataract, refractive or vitrectomy procedures) and can affect the conjunctiva, cornea, sclera, uvea or other intraocular structures. Clinical manifestations include conjunctival hyperemia, corneal edema, localized scleral exudation and purulent accumulation in the anterior chamber or vitreous. Infectious cases are most often caused by *Staphylococcus aureus* from the eyelid, surgical instruments or intraocular lenses, while non-infectious inflammation is usually related to surgical trauma, residual drugs or immune reactions.
Sjögren's syndrome–related dry eye (SS-DED)	SS-DED is an autoimmune-mediated chronic ocular surface disease characterized by lacrimal gland deficiency. Its core mechanism involves lymphocytic infiltration of the lacrimal glands, leading to reduced tear secretion and a self-perpetuating cycle of ocular surface inflammation, which can ultimately result in permanent damage to the lacrimal glands and the corneal and conjunctival tissues.

Source: Literature review, Frost & Sullivan report

Non-Infectious Anterior Uveitis

Uveitis is generally classified based on etiology (infectious vs. non-infectious) and anatomical location (anterior vs. posterior). Non-infectious anterior uveitis (NIAU) is a subtype of uveitis characterized by immune-mediated inflammation in the anterior chamber in the absence of an infectious pathogen. It involves inflammation of the iris and ciliary body and is often associated with autoimmune disorders and metabolic diseases including spondyloarthritis. NIAU may present acutely with red eye, pain, photophobia and blurred vision and can lead to permanent vision loss through secondary glaucoma, cataract or optic nerve damage. The following chart illustrates the position of NIAU within the overall classification of uveitis.

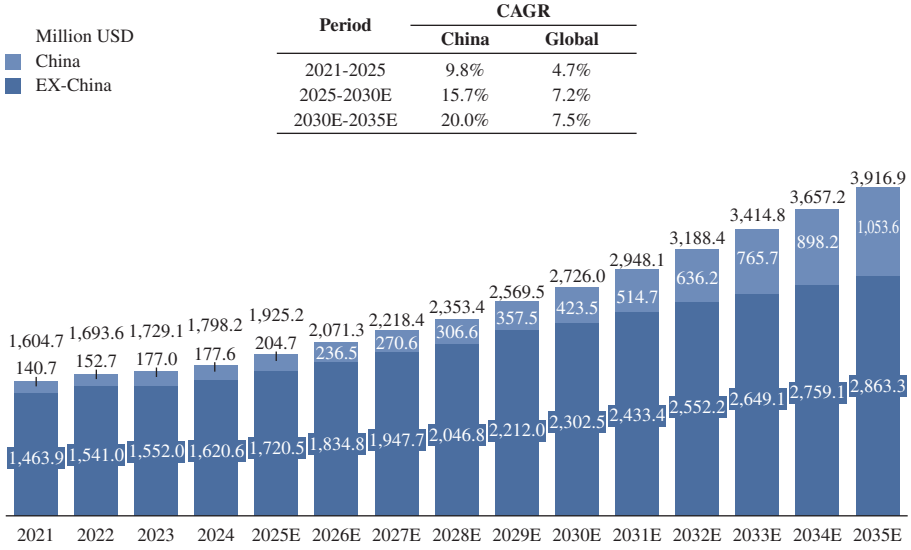


Source: Literature review, Frost & Sullivan report

The global NIAU population increased from 31.9 million in 2021 to 33.3 million in 2025, primarily driven by the rising prevalence of immune-mediated and systemic inflammatory diseases, as well as improved clinical diagnosis. Looking ahead, the global NIAU population is expected to grow steadily to 35.0 million in 2030 and 36.7 million in 2035. In China, the NIAU patient population grew from 2.8 million in 2021 to 2.9 million in 2025 and is expected to reach approximately 3.0 million by 2035.

The global NIAU drug market increased from US$1,604.7 million in 2021 to US$1,925.2 million in 2025, with a CAGR of 4.7%. Underpinned by the growing NIAU patient population and expanding use of long-term pharmacological treatment, the market is expected to grow to US$2,726.0 million in 2030 and US$3,916.9 million in 2035, further driven by the adoption of higher-value therapies. In China, the NIAU drug market grew from US$140.7 million in 2021 to US$204.7 million in 2025, representing a CAGR of 9.8%. It is projected to reach US$423.5 million in 2030 and US$1,053.6 million in 2035, as the expanding patient base, improving diagnosis rates and rising treatment penetration translate into increasing demand for pharmacological interventions, including higher-value therapeutic options. The following chart sets forth the historical and estimated NIAU drug market for the periods indicated.

Global Non-Infectious Anterior Uveitis Drug Market, 2021-2035E



Period	CAGR	
	China	Global
2021-2025	9.8%	4.7%
2025-2030E	15.7%	7.2%
2030E-2035E	20.0%	7.5%

Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Treatment Paradigm

Current treatments for NIAU primarily aim at controlling inflammation and suppressing the underlying autoimmune response. For mild-to-moderate unilateral inflammation, potent topical glucocorticoids, such as fluorometholone or prednisolone acetate, are preferred, accompanied by the immediate use of cycloplegics, such as atropine or cyclopentolate, to prevent posterior synechiae. Upon symptom improvement, the dosage should be tapered gradually every three to seven days while closely monitoring for steroid-induced intraocular pressure elevation. If local therapy proves ineffective or inflammation recurs, the second step involves peribulbar glucocorticoid injections or intraocular implants, although caution is advised in children and adolescents due to potential complications. When patients present with severe bilateral inflammation, retinal involvement, persistent steroid dependence exceeding two to three months, or systemic disease, systemic therapy is initiated as the third step. This includes systemic glucocorticoids, immunosuppressants such as methotrexate, mycophenolate mofetil or cyclosporine, and biologics like adalimumab or infliximab; the core principle being that immunosuppressants should be introduced if inflammation recurs during steroid tapering. For refractory cases or patients intolerant to traditional immunosuppressants, anti-TNF-α monoclonal antibodies should be prioritized due to their robust safety and efficacy data.

The etiology of NIAU typically involves autoimmune or other inflammatory mechanisms, such as autoimmune diseases or post-traumatic immune responses. As no pathogens like bacteria or viruses are involved, antibiotics cannot suppress or eliminate the inflammation in NIAU, providing no benefit for disease control and may delay the initiation of appropriate treatment. Clinical observations have shown that antibiotics are overprescribed in the management of NIAU, often due to limited clinical experience or misdiagnosis of the condition as infectious. This leads to unnecessary use of medical resources and contributes to the potential development of antibiotic resistance.

Corticosteroids are generally effective in the management of inflammation in NIAU but are associated with well-recognized safety concerns, including corticosteroid-induced glaucoma and cataract formation with longer-term use. While alternative corticosteroid formulations, immunosuppressants and biologics have been developed and approved for NIAU, their use is limited by serious systemic adverse toxic effects (such as infections, metabolic disorders and organ

toxicity from immunosuppressants and biologics), high cost, administration burden and limited long-term safety data*. There is a clear need for an effective anti-inflammatory therapy for NIAU that maintains robust inflammation control without corticosteroid-like adverse events associated with existing standard treatments.

Competitive Landscape

As of the Latest Practicable Date, no drugs had been approved for the treatment of NIAU outside China. As of the same date, there were five drug candidates for the treatment of NIAU outside China in the clinical stage, including four innovative drug candidates. The following table sets forth details of active innovative drug candidates being developed for NIAU outside China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved
TRS01	TLR4/NRP1/ACE2	Tarsier Pharma	Phase III	2021/09/03	Eye drops	A non-steroidal topical medication and an immunomodulator developed using the company's TRS technology platform
Brepocitinib	JAK1/TYK2	Priovant Therapeutics	Phase III	2024/05/28	Oral	A small-molecule dual TYK2/JAK1 inhibitor that exerts its inhibitory effect through allosteric inhibition (by binding to the JH2 regulatory domain of TYK2)
ABY-035	IL17A	Acelyrin	Phase II	2021/01/13	Injection	A novel, low-molecular-weight, high-affinity (KD ≈ 300 fM), and cost-effective protein drug platform that achieves prolonged circulation through binding to serum albumin and exhibits excellent tissue permeability
REGN7041	CD3	Regeneron Pharmaceuticals	Phase I/II	2025/10/20	Injection	An anti-CD3 monoclonal antibody that targets T-cell CD3 to modulate immune responses and suppress intraocular inflammation, representing a novel approach to immune regulation at the source

Source: Frost & Sullivan report, ClinicalTrials.gov, FDA

As of the Latest Practicable Date, no drugs had been approved for the treatment of NIAU in China. As of the same date, two drug candidates were in the clinical stage for the treatment of NIAU in China, both of which were innovative drug candidates. The following table sets forth details of active clinical-stage drug candidates for NIAU in China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved
VVN461	**JAK1/TYK2**	***the Company***	**Phase III**	**2025/09/17**	**Eye drops**	**A small-molecule dual JAK1/TYK2 inhibitor with a focus on its non-hormonal properties**
FXS5626	JAK1/TYK2	Accro	Phase II	2025/12/22	Oral	A highly selective RORγt inverse agonist that precisely inhibits the differentiation of Th17 cells and the production of their inflammatory factors (such as IL-17).

Source: Frost & Sullivan report, CDE

* Safety and efficacy of these treatments beyond two to three years in NIAU patients remain unclear and longer follow-up periods and larger clinical studies are needed to better understand their long-term risk profile.

Postoperative Ocular Inflammation

Postoperative ocular inflammation refers to the intraocular inflammatory response that occurs during or following ophthalmic surgical procedures such as cataract extraction, glaucoma surgery, corneal transplantation and vitrectomy. This response is primarily triggered by factors such as tissue trauma, surgical instruments, exposure to medications or reactions to implanted devices. Clinically, postoperative ocular inflammation may manifest as increased anterior chamber cells and flare, corneal edema and conjunctival hyperemia.

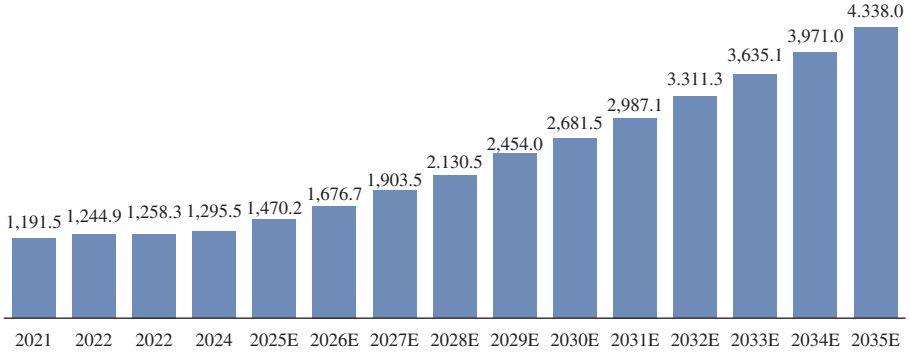
Postoperative ocular inflammation is broadly classified into infectious and non-infectious forms. Infectious postoperative ocular inflammation results from direct pathogen invasion into the eye, causing inflammation of the anterior chamber, vitreous or retina. Clinical manifestations typically include severe ocular pain, rapid visual deterioration and presence of pus in the anterior chamber. In contrast, non-infectious postoperative ocular inflammation arises in the absence of pathogens and is associated with surgical trauma, drug irritation, residual implant material or immune-mediated responses. Clinical presentation can range from mild to severe and commonly include increase in anterior chamber cells, keratic precipitates or fibrinous exudates.

Within non-infectious postoperative ocular inflammation, cataract postoperative ocular inflammation is of particular clinical importance due to its high incidence and its potential to delay or compromise visual rehabilitation. This localized inflammatory response may occur following cataract extraction and intraocular lens implantation. The severity of the inflammation ranges from mild to severe. In severe cases, visual recovery can be impaired.

The global postoperative ocular inflammation patient population increased from 38.8 million in 2021 to 44.2 million in 2025. This expansion was primarily driven by rising ophthalmic surgery volumes, particularly cataract and refractive procedures. The affected population is expected to reach 52.2 million in 2030 and 61.5 million in 2035. In line with this epidemiological trend, the global postoperative ocular inflammation drug market grew from US$1,191.5 million in 2021 to US$1,470.2 million in 2025, with a CAGR of 5.4%. Supported by both increasing surgical volumes and the rising adoption of pharmacological management for postoperative ocular inflammation, the market is projected to reach US$2,681.5 million in 2030 and US$4,338.0 million in 2035. The following chart sets forth the historical and estimated postoperative ocular inflammation market for the periods indicated.

Global Postoperative Ocular Inflammation Drug Market, 2021-2035E

Period	CAGR
2021-2025	5.4%
2025-2030E	12.8%
2030E-2035E	10.1%



Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Treatment Paradigm

Treatment of postoperative ocular inflammation adheres to the core principle of "early prevention, early intervention, early tapering." Prevailing clinical practice guidelines recommend a stepwise approach based on the severity of inflammation, with treatments primarily centered on steroid therapies. For most cases, tobramycin/dexamethasone, a combination antibiotic and steroid eye drop, is typically favored and widely used to control early postoperative inflammatory responses. For mild-to-moderate inflammation, such regimen is often combined with NSAID eye drops to enhance anti-inflammatory effects and inhibit specific complications, such as posterior capsule opacification. If patients are allergic to NSAIDs or if inflammation escalates, transition to stronger glucocorticoid therapy becomes necessary. For moderate-to-severe inflammation, such as that following certain surgical complications or refractive surgeries, treatment escalates to more potent anti-inflammatory eye drops, such as fluorometholone or prednisolone. However, these drugs may irritate the corneal epithelium and require close monitoring of intraocular pressure during use to prevent steroid-induced glaucoma. In the most challenging scenarios, such as severe persistent inflammation following vitreoretinal surgery or in patients intolerant to local steroids, treatment may expand to systemic oral glucocorticoids (*e.g.,* prednisone) or more invasive local injections, such as direct intravitreal injection of dexamethasone sustained-release preparations, to achieve high local drug concentrations.

While steroid therapy remains the cornerstone of current postoperative ocular inflammation management, significant shortcomings and unmet clinical needs persist. Accordingly, there is an urgent clinical need to develop new therapeutic strategies that are safer, have fewer side effects, require less frequent dosing, and can precisely modulate inflammation, thereby addressing the gaps in long-term safety, patient convenience, and personalized treatment associated with traditional steroid therapy.

Competitive Landscape

As of the Latest Practicable Date, there were three innovative drugs approved for the treatment of postoperative ocular inflammation and four active innovative drug candidates in the clinical stage globally. The following tables set forth details of approved and active innovative drug candidates in the clinical stage for the treatment of postoperative ocular inflammation globally as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Annual Treatment Costs	Market Share	2025 NRDL Inclusion
DEXYCU KIT	ANXA1, GR, NR1I2, iNOS, NR0B1	Eyepoint Pharms	Approval	2018/02/09	Injection	Verisome® Technology, A single-dose, biodegradable, subendocardial sustained-release cortisone implant	US$595	0.8%	Not Included
INVELTYS	GR	Alcon	Approval	2018/08/22	Eye drops	Loteprednol Etabonate Nanoparticle Carrier Suspension	US$309	15.3%	Not Included
BYQLOVI	GR	Harrow Eye	Approval	2024/03/04	Eye drops	Clobetasol Propionate Ophthalmic Suspension	US$325	N/A(1)	Not Included

Note:

(1) no publicly available data.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved
SURF-201	GR	Formosa Pharma	Phase II	2020/03/25	Eye drops	Utilizing Patented Klarity Vehicle technology, enhancing the penetration and bioadhesion of steroids through a proprietary formulation
VVN461	**JAK1, TYK2**	***the Company***	**Phase II**	**2023/12/11**	**Eye drops**	**High-efficiency delivery to the ocular surface using the "Flash Transmucosal Drug Delivery System (FTDS)"**
TRS01	TLR4, NRP1, ACE2	Tarsier Pharma	Phase I/II	2020/01/07	Eye drops	Multi-target small molecule inhibitor, an innovative non-steroidal therapeutic mechanism
Levofloxacin	DNA gyrase, TOPIV, parC, parE, GyrB, GyrA, TOP2A, Autolysin	PolyActiva	Phase I	2020/12/20	Injection	N/A(1)

Note:

(1) no publicly available data.

Source: Frost & Sullivan report, ClinicalTrials.gov, FDA

Sjögren's Syndrome–Related DED

SS-DED is a chronic, autoimmune-driven form of dry eye that occurs in the setting of Sjögren's syndrome. This condition is defined not merely by reduced tear volume, but specifically as a classic manifestation of aqueous-deficient dry eye, wherein autoimmune-mediated inflammation targets the lacrimal glands. This immune attack leads to compromised lacrimal gland function, significantly diminished tear production and a shortened tear breakup time. Clinically, patients experience symptoms such as blurred vision, ocular discomfort and corneal epithelial damage, often accompanied by corneal staining positivity and elevated tear film osmolarity. SS-DED can be classified according to the presence or absence of concomitant systemic autoimmune diseases, differentiating primary SS-DED (pSS-DED) from secondary SS-DED (sSS-DED).

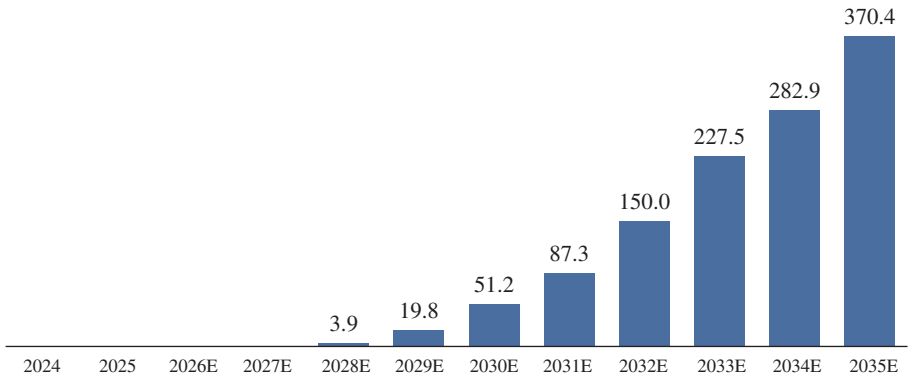
pSS-DED occurs in patients with primary Sjögren's syndrome (pSS). pSS is characterized by dry eye and dry mouth (with dry eye being its most prominent ophthalmic manifestation) as the patient's primary or sole symptoms, without any known systemic autoimmune disease. pSS-DED typically presents as severe tear deficiency, accompanied by significant ocular surface inflammation and a high rate of corneal staining positivity, which may progress to corneal erosion or even ulceration.

sSS-DED occurs in patients diagnosed with secondary Sjögren's syndrome (sSS). Unlike pSS, sSS patients also suffer from other systemic autoimmune diseases such as rheumatoid arthritis, systemic lupus erythematosus, or systemic sclerosis. The immune dysregulation associated with these underlying conditions often exacerbates damage to the lacrimal glands, leading to the manifestation of dry eye symptoms. Clinically, the management of sSS-DED typically requires a comprehensive approach that not only addresses ocular surface health but also actively controls the activity of the underlying systemic disease.

As of the Latest Practicable Date, no innovative drug had been approved for the treatment of SS-DED in China and there was no clinical-stage SS-DED drug candidate. However, with further research on immune system diseases and dry eye treatment, the SS-DED drug market in China is projected to reach US$370.4 million in 2035. The following chart sets forth the historical and estimated SS-DED drug market in China for the periods indicated.

Sjögren's Syndrome Dry Eye Drug Market in China, 2024-2035E

Period	CAGR
2024-2029E	N/A
2029E-2035E	62.9%



Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Treatment Paradigm

Sjögren syndrome (SS) is a systemic autoimmune disease characterized primarily by infiltration of immune cells, destruction of various exocrine glands and impairment of the functions of other organs. When the disease involves the eyes, it can lead to symptoms such as xerophthalmia, photophobia and ocular discomfort. At present, the pathogenesis of SS-DED is not fully understood, and there is no unified standard for its diagnosis and treatment. No radical cure has yet been identified. The treatment goals of SS focus on controlling disease progression, relieving symptoms and reducing complications. The table below sets forth the treatments recommended by prevailing clinical practice guidelines for SS-DED.

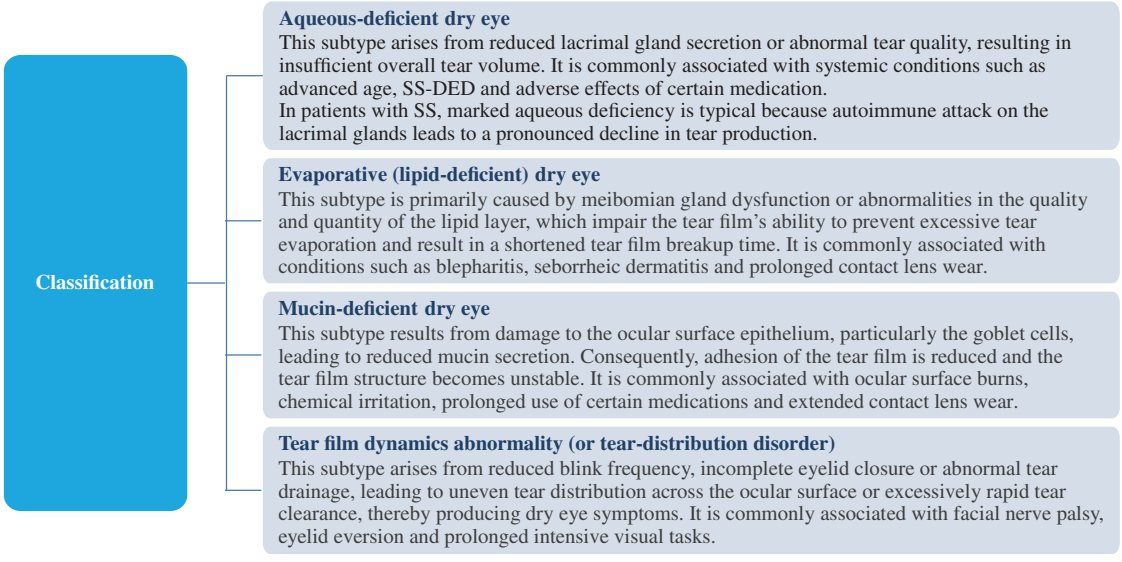
Category	Representative Drugs	Description
Artificial tears	Sodium hyaluronate-based formulations, preservative-free options	The first-line treatment for dry eye disease, acting as a substitute for natural tears. Improves tear film stability, reduces evaporation, lubricates the ocular surface, and alleviates discomfort. Sodium hyaluronate varieties also promote epithelial repair. Preservative-containing products may exacerbate ocular surface damage, so preservative-free formulations are preferred for long-term/high-frequency use.
Anti-inflammatory therapies	NSAIDs, glucocorticoids	Target the inflammatory component underlying dry eye pathogenesis, particularly indicated for moderate-to-severe cases. Glucocorticoids require strict control of treatment duration and dosage, with close monitoring for elevated intraocular pressure and epithelial damage.
Adjunctive physical and surgical interventions	Humidifier use, moisture chamber goggles, punctal occlusion	Environmental adjustments, such as increased humidity, and moisture-retaining eyewear help reduce tear evaporation. Punctal occlusion (temporary or permanent) is an option for patients with severe lacrimal gland dysfunction to conserve existing tear volume.

Source: Literature review, Frost & Sullivan report

Despite corticosteroids' rapid anti-inflammatory effects on SS-DED, critical limitations impair long-term use. Prolonged topical application risks ocular complications such as elevated intraocular pressure and cataract formation, while systemic use causes hyperglycemia and immunosuppression. Moreover, corticosteroids provide only symptomatic relief without addressing the disease's root cause, highlighting the urgent need for targeted disease-modifying alternatives.

DRY EYE DISEASE

Dry eye disease (DED) is a multifactorial, chronic ocular surface disorder, characterized by abnormalities in tear film quality, quantity or dynamics, resulting in tear film instability combined with ocular surface microinflammation. Its core pathophysiology can be summarized as tear deficiency combined with excessive evaporation, with a range of etiologies contributing to this process. Reduced tear production is commonly associated with advanced age, collagen-vascular disease and meibomian gland dysfunction, while increased tear evaporation is often linked to intensive use of video display terminals, contact lens wear and prolonged exposure to air-conditioned or otherwise desiccating environments. These abnormalities in the tear film lead to disruption of the ocular surface microenvironment, which may be accompanied by ocular surface inflammation, tissue damage and neurosensory dysfunction. In parallel, ocular surface microinflammation, driven in part by Th17 cells and a proinflammatory cytokine milieu, further destabilizes the tear film and perpetuates a chronic inflammatory cycle. Clinically, DED manifests as ocular discomfort and visual disturbances, with patients typically presenting with dryness, burning, redness, foreign-body sensation and asthenopia. These symptoms may be accompanied by intermittent reflex tearing and the presence of mucoid strands on awakening. On slit-lamp examination, characteristic signs include a reduced tear meniscus, punctate corneal epithelial staining, plugged meibomian gland orifices and a shortened tear film break-up time. In more advanced disease, filamentary keratitis and frank corneal epithelial defects may be observed, reflecting significant compromise of the ocular surface. The chart below illustrates the classification of DED.



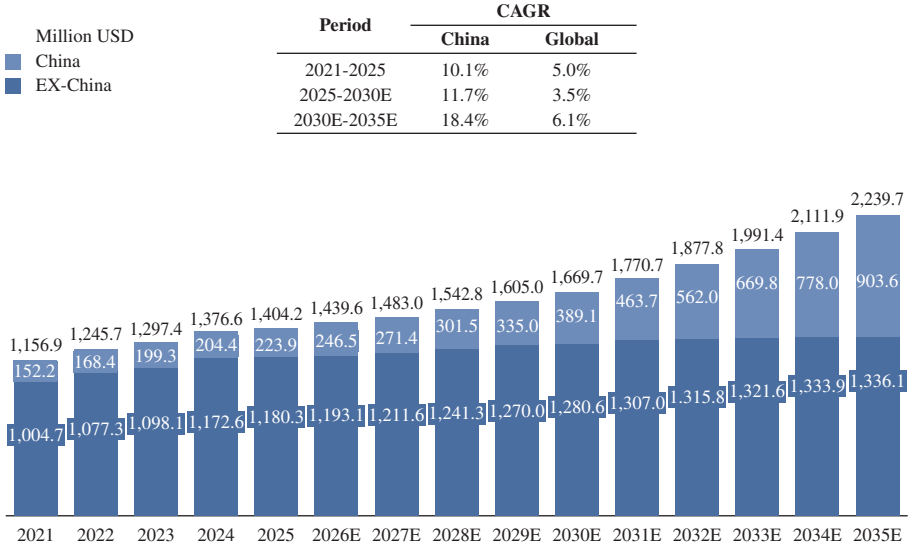
Source: Literature review, Frost & Sullivan report

Globally, the number of patients with moderate-to-severe DED increased from 322.0 million in 2021 to 349.5 million in 2025. It is estimated that the global moderate-to-severe DED population will reach approximately 386.3 million in 2030 and 425.3 million in 2035. The number of moderate-to-severe DED patients in China increased from 107.5 million in 2021 to 113.7 million

in 2025 and is projected to reach approximately 121.6 million in 2030 and 130.1 million in 2035. Current epidemiological studies in China report a relatively high prevalence of dry eye, generally in the range of about 21.0% to 52.4%.

The global drug market for moderate-to-severe DED expanded from US$1,156.9 million in 2021 to US$1,404.2 million in 2025, with a CAGR of 5.0%, driven by the rising prevalence of dry eye disease, increasing patient awareness, and broader adoption of long-term pharmacological treatments. The market is expected to continue growing to US$1,669.7 million in 2030 and US$2,239.7 million in 2035, supported by sustained demand for chronic disease management. In China, the drug market for moderate-to-severe DED grew from US$152.2 million in 2021 to US$223.9 million in 2025, with a CAGR of 10.1%, significantly outpacing global growth. The market is projected to reach US$389.1 million in 2030 and US$903.6 million in 2035, driven by rapid diagnosis rate improvement, increasing treatment penetration and the gradual shift from symptomatic management to prescription drug therapies. The following chart sets forth the historical and estimated drug market for moderate-to-severe DED for the periods indicated.

Moderate-to-Severe Dry Eye Disease Drug Market, 2021-2035E



Period	CAGR	
	China	Global
2021-2025	10.1%	5.0%
2025-2030E	11.7%	3.5%
2030E-2035E	18.4%	6.1%

Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Treatment Paradigm

The existing treatment paradigm for DED is based on individualized, stepwise management guided by the "etiology–type–severity" principle. Severity is graded as mild, moderate, or severe according to the extent of corneal damage and tear film stability, and conditions that mimic DED, such as blepharitis and asthenopia, must be ruled out. In mild DED, treatment focuses on removing exacerbating factors and using artificial tears, with lipid-rich formulations when meibomian gland dysfunction is present, together with warm compresses and lid hygiene. In moderate DED, management is escalated to preservative-free artificial tears and night-time gels or ointments, with consideration of topical corticosteroids, cyclosporine or NSAIDs, oral tetracyclines, tear-retention devices such as punctal plugs, protective eyewear designed to reduce moisture loss such as moisture chamber spectacles and intense pulsed light therapy. In severe DED, treatment involves long-term anti-inflammatory therapy, oral secretagogues, autologous serum eye drops and scleral lenses, with additional options where needed including punctal occlusion, amniotic membrane transplantation, tarsorrhaphy or salivary gland transplantation. The table below sets forth the treatments recommended by prevailing clinical practice guidelines for DED.

Category	Description
Artificial tears	Mainly aqueous and lipid-based artificial tears. For long-term or high-frequency use (≥6 times/day), preservative-free or low toxicity preservative formulations are preferred.
Ocular secretagogues	3% diquafosol sodium eye drops are used to stimulate conjunctival water and mucin secretion to stabilize the tear film and repair the cornea, while varenicline nasal sprays (0.03 mg/spray) are used to activate nasal parasympathetic pathways, enhance lacrimal and meibomian gland secretion and increase natural tear production.
Ocular anti-inflammatory agents	The ocular anti-inflammatory "triad"—comprising short-term low-dose steroids, immunosuppressants led by CsA/lifitegrast, and NSAIDs—can be used alone or in combination to provide stepwise control of dry-eye inflammation.
Ocular surface-repair promoters	Severe cases may require autologous/allogeneic serum or deproteinized calf blood gel while mild cases are treated with fibroblast growth factor/epidermal growth factor/vitamin A eye drops to promote epithelial healing.
Topical or systemic antibiotics	Bacterial lid margin infections are typically treated with topical ofloxacin drops/ointment, while refractory cases or those with systemic involvement are treated with oral tetracyclines or macrolides, with close monitoring for adverse effects.
Other ocular medications	Perfluorohexyloctane supplements lipids (the oily layer of the tear film), stabilizes the tear film and helps unblock meibomian glands, while antioxidant and siRNA drops nearing launch in Europe and the US will add new therapeutic options.

Source: Literature review, Frost & Sullivan report

Though topical corticosteroids are occasionally used for severe DED, they have distinct unaddressed limitations. Prolonged topical administration leads to adverse effects including elevated intraocular pressure, cataract formation and ocular surface damage. Furthermore, steroids only offer temporary symptomatic relief without targeting the disease's underlying mechanisms, failing to maintain sustained remission after withdrawal and underscoring the urgent need for targeted, safer steroid-sparing alternatives for long-term management.

Competitive Landscape

As of the Latest Practicable Date, ten drugs had been approved for the treatment of DED outside of China, including five innovative drugs. As of the same date, 65 drug candidates were in the clinical stage for the treatment of DED outside China, including 35 innovative drug candidates. The following tables set forth details of approved and active clinical-stage innovative drugs for the treatment of DED outside China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Annual Treatment Costs[2]	Market Share[3]
Lifitegrast	LFA-1	Bausch & Lomb	Approval	2016/07/11	Eye drops	Blocking the interaction between LFA-1 and its ligand ICAM-1 inhibits T-cell adhesion and activation	US$2,244	5.5%
SHR8058	Undisclosed	Novaliq/Hengrui	Approval	2023/05/18	Eye drops	A perfluorocarbon that reduces evaporation by forming a monolayer on the surface of the tear film	US$800	2.75%
SJP-0132	TRPV1	Senju/Mochida	Approval	2025/01/17	Eye drops	Blocking abnormal sensory nerve excitation and inhibiting the release of inflammatory mediators to stabilize the tear film	N/A[1]	N/A[1]
Acoltremon	TRPM8	Alcon	Approval	2025/05/28	Eye drops	By stimulating the TRPM8 receptor, it activates the trigeminal nerve and promotes basal tear secretion	US$2,580	N/A[1]
SHR8028	mtPTP/Calcineurin	Shengdi Pharmaceutical	Approval	2026/06/23	Eye drops	A 0.1% ciclosporin eye drop formulated with the water-free EyeSol® platform, free of water and preservatives, which significantly enhances bioavailability and tolerability	N/A[1]	N/A[1]

Notes:

(1) no publicly available data.

(2) The wide variation in annual treatment costs for innovative DED therapies outside China is largely driven by market-based pricing. Most approved drugs target novel mechanisms of action, benefit from patent exclusivity and therefore face limited competition. With coverage often relying on commercial insurance or out-of-pocket payment, companies are generally able to price these drugs to cover their research and development costs.

(3) The remaining market share for DED treatments outside China not attributable to approved innovative drugs primarily comprises non-innovative drugs and other treatment modalities, such as immunomodulatory targeted prescription drugs, lipid-based artificial tears, pro-secretory agents and recombinant growth factors.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Target DED Severity
Reproxalap	RASP	Aldeyra Therapeutics	NDA Application	2022/11/29	Eye drops	Small-molecule reduce inflammation by binding to aldehyde inhibitors aldehydes	N/A[2]
Cenegermin	NGFR	Dompe Pharma	Phase III	2021/09/20	Eye drops	N/A[1]	Severe
PL9643	MCR	Palatin Technologies	Phase III	2022/01/21	Eye drops	Multireceptor agonists activate melanocortin receptors to alleviate dry eye symptoms	N/A[2]
K-161	Undisclosed	Kowa	Phase III	2022/05/31	Eye drops	N/A[1]	Moderate to Severe
BRM 421	PNPLA2	BRIM	Phase III	2023/01/13	N/A[1]	N/A[1]	N/A[2]
ABBV-444	Undisclosed	AbbVie	Phase III	2023/05/26	Eye drops	A carboxymethylcellulose-based artificial tear formulation containing trehalose and sodium hyaluronate	N/A[2]
Vezocolmitide	Undisclosed	Stuart Therapeutics	Phase III	2023/12/18	Eye drops	N/A[1]	N/A[2]
Recoflavone	Calcium channel/NF-κB	Dong-A ST/GL PharmTech	Phase III	2024/03/04	N/A[1]	N/A[1]	Moderate or Severe
VVN001	**LFA-1**	***the Company***	**Phase III**	**2024/04/01**	**Eye drops**	**Blocking the interaction between LFA-1 and intercellular adhesion molecule-1 inhibits T cell-mediated inflammatory responses**	**N/A[2]**
CAM-101	Undisclosed	Cambium Bio	Phase III	2025/03/31	Eye drops	A bio-topical eye drop prepared by genetically engineering platelets from healthy individuals	Moderate or Severe
OT-202	SYK/VEGFR2	Ocumension Therapeutics	Phase III	2026/07/23	Eye drops	Bruton Tyrosine Dual-Target Inhibitor, Which Can Synergistically Suppress Inflammatory Response	Moderate to severe
ALY688	ADIPOR	Allysta Pharmaceuticals	Phase II/III[3]	2021/05/19	Eye drops	adiponectin receptor peptide agonist	N/A[2]
ECF843	PRG4	Novartis/Lubris Biopharma	Phase II	2020/05/13	Eye drops	Recombinant Lubricin Protein to Improve Tear Film Quality	Severe
Pro-ocular	Undisclosed	Glia	Phase II	2020/11/25	Pro -ocular gel	Gel matrix technology is used to provide longer-lasting lubrication	Moderate to severe
A197	Undisclosed	Dompe Pharma	Phase II	2022/02/03	Eye drops	N/A[1]	N/A[2]
YP-P10	Undisclosed	YuYu Pharma	Phase II	2022/07/15	Eye drops	N/A[1]	N/A[2]
SHJ002	MIR328	Dreamhawk Vision	Phase II	2022/08/04	Eye drops	N/A[1]	Severe
TL-925	BTK	Telios Pharma	Phase II	2023/02/22	Eye drops	Utilizes EyeCRO's MiDROPS ® single -phase microemulsion technology to deliver lipophilic drugs	Moderate to severe
Urcosimod	CMKLR1	OKYO Pharma	Phase II	2023/02/23	Eye drops	A lipid-chemokine peptide agonist that employs lipid anchoring technology to time within the ocular environment	N/A[2]
EG 017	AR	Changchun GeneScience	Phase II	2023/11/03	Ointment	N/A[1]	N/A[2]
rhNGF (Dompe)	NGFR	Dompe Pharma	Phase II	2024/02/06	Eye drops	Recombinant protein technology that promotes corneal nerve regeneration	N/A[2]
VSJ-110	CFTR	Vanda Pharmaceuticals	Phase II	2024/03/06	Eye drops	N/A[1]	N/A[2]
BTV100	CHRM1/CHRM3	BIO-THERA	Phase II	2024/08/06	Eye drops	N/A[1]	N/A[2]
TTAX03	Undisclosed	BioTissue	Phase II	2025/01/17	Injection	N/A[1]	Mild to moderate
RCI-001	RAC1	RudaCure	Phase II	2025/07/16	Eye drops	N/A[1]	N/A[2]
IVIEW-1001	TRPM8	IVIEW Therapeutics	Phase II	2025/08/24	Wipe	Deliver the drug directly to the TRPM8 receptors beneath the eyelid margin to achieve targeted action	N/A[2]

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Target DED Severity
HUC1-394	FPR2	Huons Co., Ltd.	Phase II	2026/06/16	Eye drops	Regulates the inflammatory response by activating FPR2, a receptor that plays a key role in the natural resolution of inflammation	Moderate to severe
OTX-CSI	Calcineurin/ Cyclophilin	Ocular Therapeutix	Phase I/II	2020/04/27	Ophthalmic insert	Recombinant lubricin protein to improve tear film quality	N/A(2)
SY-201	Undisclosed	Seinda Pharmaceutical	Phase I/II	2022/05/11	Eye drops	It features multiple novel mechanisms of action, including repairing tight junctions on the ocular surface, enhancing barrier function, stabilizing the tear film and modulating immune homeostasis	N/A(2)
Palovarotene	RARG	Clementia Pharmaceuticals Inc./ Ipsen	Phase I	2021/02/21	Eye drops	Utilizing the anti-inflammatory properties of RAR-γ agonists to surface environment	N/A(2)
KSR001	Undisclosed	Kukje Pharma	Phase I	2021/08/24	Eye drops	N/A(1)	N/A(2)
iNEXIN	TJP1	Xequel Bio	Phase I	2021/09/02	Eye drops	By stabilizing intercellular junctions, preserving barrier function, modulating inflammation, and promoting healing	N/A(2)
AG-80308	FPR1	Allgenesis Biotherapeutics Inc., ORA, Inc	Phase I	2022/05/12	Eye drops	Works by actively promoting the resolution of inflammation through activation of FPR	N/A(2)
NCP112	FPR2	Huons Co., Ltd.	Phase I	2024/02/16	Eye drops	A novel multifunctional heptapeptide developed for atopic dermatitis, with potential for dry eye disease and other conditions involving barrier dysfunction and immune abnormalities	N/A(2)
RC017	Undisclosed	Reju Therapeutics	Phase I	2026/04/13	Ointment	By targeting and modulating senescent cells to intervene in senescence-related biological pathways such as chronic inflammation	N/A(2)

Notes:

(1) no publicly available data.

(2) no specific target disease severity.

(3) a combined Phase II/III trial that evaluates the treatment's efficacy and safety against standard care in a single study to accelerate development with a smaller number of patients enrolled.

Source: Frost & Sullivan report, ClinicalTrials.gov, FDA

As of the Latest Practicable Date, there were 21 drugs approved for the treatment of DED in China, including 6 innovative drugs. As of the same date, 37 drug candidates were at clinical stage for the treatment of DED in China, including 13 innovative drug candidates. The following tables set forth details of approved and clinical-stage innovative drug candidates for the treatment of DED in China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Annual Treatment Costs[3]	Market Share[4]	2025 NRDL Inclusion	Target DED Severity
Diquafosol	P2RY2	Santen Pharma	Approval	2022/06/28	Eye drops	It stimulates the secretion of both tears and mucin, thereby improving tear film stability	1060RMB	3.6%	Not included	N/A[2]
Recombinant basic fibroblast growth factor	FGFR	Essex Biotech	Approval	2024/10/24	Eye drops	Recombinant proteins produced using biotechnology	135RMB	9.5%	Included	Mild to moderate
Dextran+Hypromellose	N/A[1]	Novartis/Alcon	Approval	2025/01/13	Eye drops	A multi-component artificial tear solution containing hypromellose and dextran, used to lubricate the tear film	40RMB	6.4%	Not included	N/A[2]
human epidermal growth factor (hEGF)	EGFR	Uni-Bio Science Group	Approval	2025/03/11	Eye drops	Recombinant proteins produced using biotechnology	23RMB	3.15%	Not included	Mild
SHR8058	N/A[1]	Novaliq/Hengrui	Approval	2025/06/30	Eye drops	Utilizes the EyeSol® water-free drug delivery platform to stabilize the lipid layer of the tear film and dissolve meibomian gland secretions	N/A[1]	N/A[1]	Included	N/A[2]
SHR8028	mtPTP/ Calcineurin	Shengdi Pharmaceutical	Approval	2026/06/23	Eye drops	A 0.1% ciclosporin eye drop formulated with the water-free EyeSol® platform, free of water and preservatives, which significantly enhances bioavailability and tolerability	N/A[1]	N/A[1]	Not included	N/A[2]

Notes:

(1) no publicly available data.

(2) no specific target disease severity.

(3) Prices of innovative drugs for the treatment of DED in China are generally influenced by the domestic healthcare reimbursement and pricing environment, which is characterized by healthcare cost-control policies. As certain approved innovative drugs have been included in the NRDL, pricing of such drugs may be affected by reimbursement negotiations. Pricing levels may also be influenced by competition from domestic innovative drugs and, more broadly, by the availability of other DED treatments in mainland China. Imported innovative drugs are also generally subject to pricing constraints upon entry into the mainland China market.

(4) The remaining market share for DED treatments in China not attributable to approved innovative drugs primarily comprises non-innovative drugs and other treatment modalities, such as basic artificial tears, immunomodulatory and anti-inflammatory prescription drugs, pro-secretory and ocular surface repair eye drops and nasal secretagogues.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Target DED Severity
HBM9036	TNF-α	Harbour	Phase III	2022/12/24	Eye drops	Tumor Necrosis Factor-α Inhibits the Cycle of Ocular Inflammation	Moderate to severe
VVN001	**LFA-1**	***the Company***	**Phase III**	**2024/04/01**	**Eye drops**	**Blocking the interaction between LFA-1 and intercellular adhesion molecule-1 inhibits T cell-mediated inflammatory responses**	**N/A(2)**
SJP-0132	TRPV1	Senju	Phase III	2024/11/04	Eye drops	Blocking abnormal sensory nerve excitation and inhibiting the release of inflammatory mediators to stabilize the tear film	N/A(2)
SMR001	NGFR	Sinobioway Biomedicine	Phase III	2025/12/05	Eye drops	Modulating nerve growth factor signaling to improve eye health	Moderate to severe
OT-202	SYK/VEGFR2	Ocumension Therapeutics	Phase III	2026/07/14	Eye drops	The synergistic inhibition of the Syk/VEGFR-2 inflammatory signaling pathway plays a role	Moderate to severe
EG 017	AR	Changchun GeneScience	Phase II	2023/08/28	Ointment	N/A(1)	N/A(2)
Ipivudine Eye drops	PIK3R3	Yicheng Biotech	Phase II	2023/09/26	Eye drops	Regulating Ocular Inflammation via the PI3K Signaling Pathway	N/A(2)
CF04	Undisclosed	Puyou Biomedical	Phase II	2024/06/18	Eye drops	Recombinant proteins produced using prokaryotic recombinant technology prevent the aggregation of pathogenic proteins and their interaction with cells	Moderate to severe
TUL12101	RASP	Uni-Bio Science Group	Phase II	2025/04/18	Eye drops	Covalent binding of free aldehydes reduces excess RASP levels and the concentration of active aldehydes in the eye	Moderate to severe
SQ-22031	Undisclosed	Xingqi Pharma	Phase II	2025/08/11	Eye drops	Recombinant human nerve growth factor (NGF), an important neurotrophic factor, plays a critical role in the growth, development, survival, and repair of neurons.	Moderate to severe
RC017	Undisclosed	Reju Therapeutics	Phase I	2026/04/14	Ointment	By targeting and modulating senescent cells to intervene in senescence-related biological pathways such as chronic inflammation	N/A(2)
NEWR0919	Undisclosed	Xinrui Gene Technology	Phase I	2026/06/22	Eye drops	N/A(1)	N/A(2)
J002	Undisclosed	Zizhu Pharm	Phase I	2026/07/06	Eye drops	N/A(1)	N/A(2)

Notes:

(1) no publicly available data.

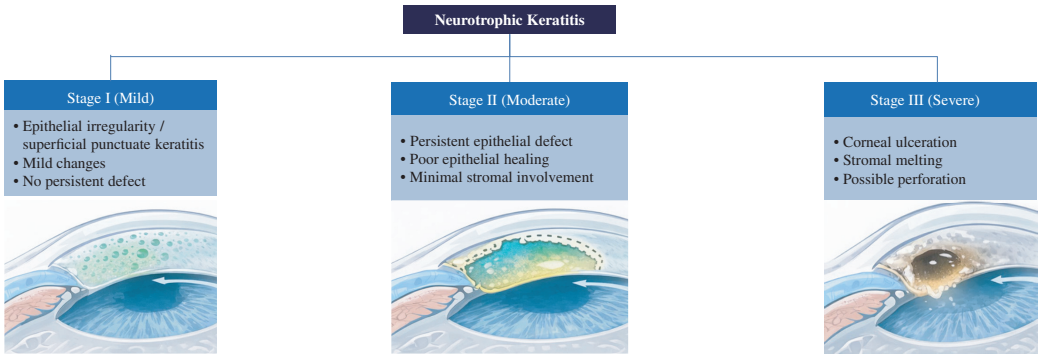
(2) no specific target disease severity.

Source: Frost & Sullivan report, CDE

NEUROTROPHIC KERATITIS

Neurotrophic keratitis (NK) is a degenerative corneal disease caused by damage to, or dysfunction of, the ophthalmic branch of the trigeminal nerve, resulting in markedly reduced or absent corneal sensation. Loss of sensory input and trophic support impairs corneal epithelial healing and regeneration, leading to persistent epithelial defects, ulcers, stromal melting or even perforation, and may threaten vision if untreated.

NK begins with trigeminal nerve injury, leading to reduced corneal sensation and loss of neurotrophic support. This in turn impairs epithelial healing and diminishes protective reflexes, so that minor injuries evolve into persistent epithelial defects. These defects can then progress to ulceration, stromal melt and perforation, ultimately increasing the risk of vision-threatening outcomes. The chart below illustrates the different stages in the progression of NK.



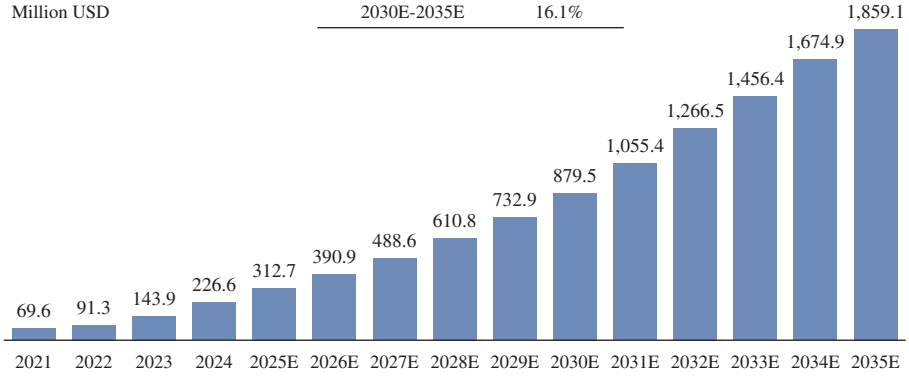
Source: Literature review, Frost & Sullivan report

In China, the patient population increased from 354,900 in 2021 to 360,500 in 2025, and is projected to reach 373,400 by 2035. Stable growth reflects limited changes in risk factor prevalence and relatively low diagnosis rates.

In China, the NK drug market increased from US$69.6 million in 2021 to US$312.7 million in 2025, at a CAGR of 45.6%. Driven by improved diagnosis rates, policy support for ophthalmic innovation and growing treatment penetration in hospitals, it is projected to reach US$879.5 million in 2030 and US$1,859.1 million in 2035. The following chart sets forth the historical and estimated NK drug market in China for the periods indicated.

Neurotrophic Keratitis Drug Market in China, 2021-2035E

Period	CAGR
2021-2025	45.6%
2025-2030E	23.0%
2030E-2035E	16.1%



Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Treatment Paradigm

NK arises from diverse etiologies, including herpes virus infection, chronic use of topical anesthetics or other prolonged topical medications, iatrogenic nerve injury from refractive or cataract surgery, metabolic diseases such as diabetes, and congenital neurological abnormalities. Current management follows a staged, severity-based approach, with treatment goals evolving from corneal protection and epithelial healing in early disease to preservation of corneal integrity and visual function in advanced stages. The table below sets forth the main treatment categories for NK, as recommended by prevailing clinical practice guidelines.

Stage	Drug Category	Description
Stage 1	Artificial tears	Preservative-free artificial-tear drops or ointment to protect epithelium and prevent ocular surface drying.
Stage 2	Biologic repair	20-50 % autologous serum eye drops or deproteinized calf-blood extract eye gel to enhance epithelial healing.
	Antibiotic	Topical antibiotic ointment used for patching to prevent secondary infection.
	Anti-inflammatory	Low- to medium-potency corticosteroid eye drops to reduce inflammation and accelerate healing.
	Cenegermin	A topical ophthalmic solution used for the treatment of moderate to severe NK. It exerts its therapeutic effect by providing exogenous nerve growth factor (NGF).
Stage 3	Biologic repair	Frequent administration of autologous serum eye drops to control stromal inflammation and aid healing.
	Anti-inflammatory / Lubricant	Scleral lenses combined with lubricants to protect cornea and inhibit corneal melting.
	Biologic scaffold	Multilayer amniotic membrane to provide mechanical protection and support tissue healing.
Novel	Neurotrophic factor	Nerve growth factor (NGF) eye drops to restore nerve function and accelerate healing.
	Nerve graft	Frontalis or contralateral nerve branch transposition to re-establish corneal innervation.

Source: Literature review, Frost & Sullivan report

Although corticosteroids are sometimes used off-label for NK, they have critical unaddressed limitations. Long-term topical use can cause adverse effects including elevated intraocular pressure, cataract formation and impaired corneal epithelial healing. Moreover, steroids do not address the core disease mechanism, namely trigeminal nerve dysfunction and corneal hypoesthesia, and instead provide only transient anti-inflammatory effects without sustaining corneal integrity, highlighting the urgent need for targeted, safer steroid-sparing therapies for long-term management.

Competitive Landscape

As of the Latest Practicable Date, there was one innovative drug approved for the treatment of NK and seven active innovative drug candidates for the treatment of NK in the clinical stage. The following tables set forth details of approved and active clinical-stage innovative drugs for the treatment of NK in China as of the Latest Practicable Date.

Drug Name/ Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved	Annual Treatment Costs	Market Share	2025 NRDL Inclusion
Cenegermin	NGFR	Dompe Pharma	Approved	2020/08	Eye drops	A fully homologous recombinant NGF that stimulates corneal cell growth, tear secretion, and restores neural innervation to maintain corneal integrity	US$20,296	90%	Not included

Drug Name/Code	Target	Company	Clinical Stage	First Post Time	Route of Administration	Technology Involved
Ipivudine	PIK3R3	Yicheng Kangtai Biotech	Phase II	2024/07/09	Eye drops	Peptide-based drugs
STSP-0902	NGFR	Staidson Biopharma	Phase II	2025/04/23	Eye drops	Using recombinant DNA technology and genetic engineering techniques, the hNGF gene was cloned into host cells for expression
Recombinant human nerve growth factor	NGFR	Xintrum Pharma	Phase II	2025/04/23	Eye drops	Using recombinant DNA technology and genetic engineering techniques, the hNGF gene was cloned into host cells for expression
SQ-22031	Undisclosed	Sinqi Pharma	Phase II	2025/04/25	Eye drops	N/A(1)
VVN1901	**NGFR**	***the Company***	**Phase II**	**2025/05/28**	**Eye drops**	**As a rhNGF preparation, it promotes corneal nerve regeneration and repair by activating the TrkA and p75NTR receptors**
Recombinant human nerve growth factor eye drops	NGFR	Kerun Bio Pharma	Phase I	2023/03/02	Eye drops	Recombinant DNA technology, biopharmaceutical development
HT006.2.2	NTRK1, NGFR	Hiteck Bio Pharma	Phase I	2024/01/12	Eye drops	As another rhNGF preparation, it targets the TrkA and p75 neurotrophic factor receptors and exhibits greater stability than Cenegermin

Note:

(1) No publicly available data.

Source: Frost & Sullivan report, CDE

CHRONIC RHINOSINUSITIS

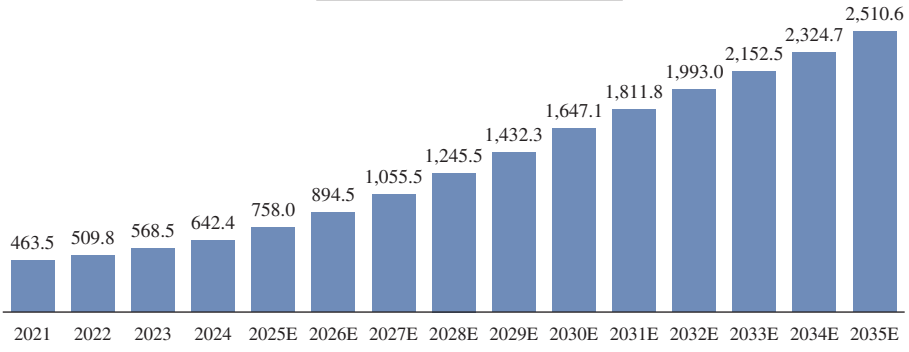
Chronic rhinosinusitis (CRS) is a chronic inflammatory disease of the nasal and paranasal sinus mucosa, typically defined by symptoms persisting for more than 12 weeks. It is characterized by ongoing inflammation of the nasal mucosa and impaired sinus ventilation and drainage, leading to obstruction of the sinuses. Common symptoms include persistent nasal obstruction or congestion, anterior or posterior nasal discharge, facial pain or pressure, reduced or lost sense of smell, and may also be accompanied by headaches or sore throat.

Clinically, CRS is often classified into CRS without nasal polyps (CRSsNP), in which chronic inflammation occurs without polyp formation, and CRS with nasal polyps (CRSwNP), where inflammatory polyps are visible in the nasal cavity and sinuses. Pathologically, CRS can be further stratified according to the predominant inflammatory cell infiltration and pattern of mucosal inflammation.

The number of CRS patients in China has increased from 121.9 million in 2021 to 129.5 million in 2025. It is estimated that the number of CRS patients in China will reach about 140.2 million in 2030 and 152.6 million in 2035. Driven by rising clinical recognition and the debut of targeted therapeutic agents, the CRS drug market in China increased from US$463.5 million in 2021 to US$758.0 million in 2025, representing a CAGR of 13.1%. It is estimated that the market will reach approximately US$1,647.1 million in 2030, fueled by robust CRS drug R&D pipelines, expanded clinical applications and supportive national pharmaceutical policies. By 2035, the market is estimated to further reach US$2,510.6 million, representing a CAGR of 8.8%, reflecting novel therapy penetration, improved treatment accessibility and growing incidence of CRS-associated diseases. The table below sets forth the historical and estimated CRS drug market in China for the periods indicated.

Chronic Rhinosinusitis Drug Market in China, 2021-2035E

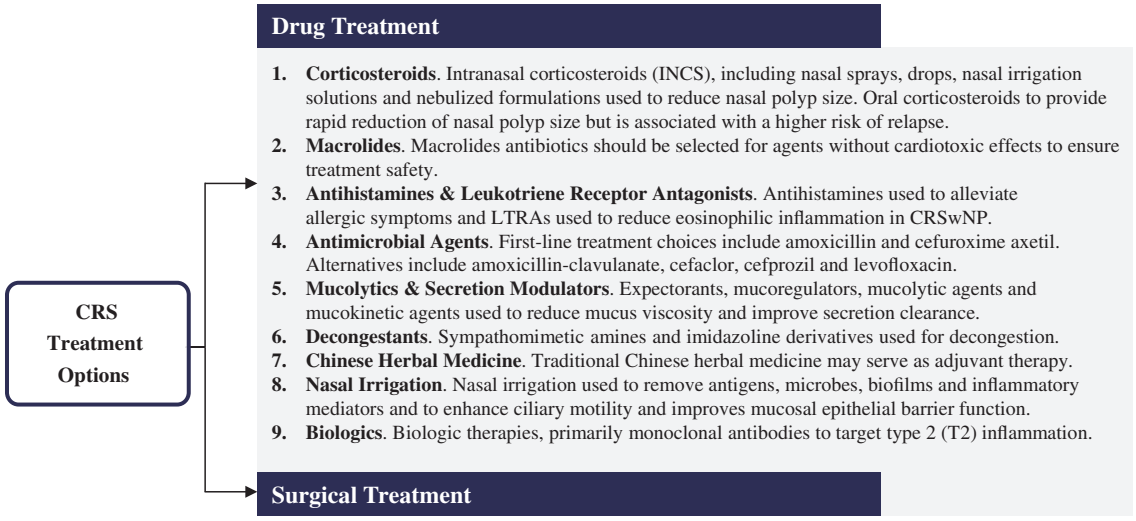
Period	CAGR
2021-2025	13.1%
2025-2030E	16.8%
2030E-2035E	8.8%



Source: Frost & Sullivan report (based on annual reports of relevant companies, literature review and expert interviews)

Treatment Paradigm

Treatment of CRS generally involves two approaches: drug treatment and surgical treatment. Among drug options, intranasal corticosteroids are recommended as the first-line treatment for CRS. However, while corticosteroids remain a core component of current treatment guidelines, clinical practice has increasingly recognized important limitations when relying on steroid therapies alone. Compared with the potential long-term adverse effects of steroids, non-steroidal treatments usually have fewer side effects and are better suited to long-term disease control. Owing to their greater specificity and more favorable safety profile, non-steroidal therapies are becoming increasingly important in addressing this therapeutic gap. The chart below sets forth the main pharmacological treatments for CRS recommended by prevailing clinical practice guidelines.



Source: Literature review, Frost & Sullivan report

Despite the widespread use of intranasal corticosteroids as first-line therapy for CRS, critical unmet clinical needs remain. Long-term reliance on corticosteroids is linked to high rates of symptom recurrence, and prolonged oral steroid use poses risks of systemic side effects such as immunosuppression and metabolic disturbances. Moreover, a substantial subset of patients with refractory or eosinophilic CRS fail to achieve sustained symptom relief with steroids alone, creating an urgent need for safer, more durable therapeutic options that target the underlying inflammatory pathways without the drawbacks of chronic steroid exposure.

Competitive Landscape

As of the Latest Practicable Date, there were three innovative drugs approved for CRS treatment in China. As of the same date, there were 20 active clinical-stage innovative drug candidates in China, including 17 biologics drug candidates and 3 small-molecule drug candidates (including HTMC0658, an oral tablet candidate, and VVN432).

REPORT COMMISSIONED BY FROST & SULLIVAN

The contract sum to Frost & Sullivan is RMB0.7 million for the preparation and use of the F&S report, and we believe that such fees are consistent with the market rate. Frost & Sullivan is an independent global consulting firm that was founded in 1961 in New York. In compiling and preparing the F&S report, Frost & Sullivan has adopted the following assumptions: (i) global economy is likely to maintain steady growth in the next decade; (ii) global social, economic and political environment is likely to remain stable in the forecast period; (iii) no opposing government measure introduced and increasing level of acceptance to use Company's services; and (iv) there is no war or large-scale disaster during the forecast period. Frost & Sullivan has conducted detailed primary research which involved discussing the status of the industry with leading industry participants and industry experts. Frost & Sullivan has also conducted secondary research which involved reviewing annual financial reports of listed companies, independent research reports and data based on its own research database. Frost & Sullivan has obtained the figures for the projected total market size from historical data analysis plotted against macroeconomic data as well as specific related industry drivers.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business:

Regulatory Authorities

The regulatory authorities of the drug industry in the PRC include: the NMPA, the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) (the "NHC") and the National Healthcare Security Administration (國家醫療保障局) (the "NHSA").

The NMPA is an authority under the State Administration for Market Regulation (國家市場監督管理總局) (the "SAMR") and is the primary regulator for medical products. It is primarily responsible for supervising and managing drugs, medical devices and cosmetics, including drafting of relevant regulations and policies; undertaking standard management, registration regulation, quality management and post-market risk management for drugs, medical devices and cosmetics; organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics; and undertaking management of qualifications for licensed pharmacists.

The NHC is the primary national regulator for public health. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services and health emergency systems, coordinating the reform of medical and health system, organizing the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practicing of medical personnel.

The NHSA is an authority directly under the State Council responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; organizing the formulation of a uniform medical insurance catalog and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

Laws and Regulations in Relation to New Drugs

Application for New Drug Registration

Drug registration refers to an approval process where the NMPA conducts review of the safety, efficacy and quality controllability of the drugs intended for marketing according to the application for drug registration made by an applicant, and decides whether to approve the application. Pursuant to the provisions of the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), promulgated by the SAMR on January 22, 2020 and came into effect on July 1, 2020, the Measures for the Administration of Drug Registration (2020) shall apply to the development, registration, supervision and management activities carried out in the territory of the PRC for marketing of drugs. In accordance with the Measures for the Administration of Drug Registration (2020), drugs registration refers to activities that a drug registration applicant files an application and other supplementary applications for clinical drug trial, approval for drug marketing and reregistration, among others, under the legal procedures and according to the relevant requirements, and that the medical products administrative department examines the safety, effectiveness and quality controllability based on the laws and regulations, and the existing scientific cognitions, to decide whether to agree with the activities applied for. A drug registration certificate shall be valid for five years. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

Non-clinical Research and Animal Testing

The non-clinical safety assessment of drugs for marketing approval shall be conducted in accordance with the Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) promulgated by the State Food and Drug Administration (the "SFDA") in August 2003 and latest amended by the China Food and Drug Administration (國家食品藥品監督管理總局) (the "CFDA", revoked on March 18, 2018) in July 2017 and came into effect on September 1, 2017. The SFDA promulgated the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》) in April 2007, which specifies the requirements for institutions applying for Good Laboratory Practices (GLP) certification of non-clinical laboratory studies. On January 19, 2023, the NMPA amended the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》), which came into effect on July 1, 2023.

According to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission in November 1988 and lastly amended in March 2017 by the State Council, the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision in December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities in December 2001 and came into effect in January 2002, using experimental animals and related products requires a Certificate for Utilization of Laboratory Animals. A Certificate for Utilization of Laboratory Animals shall be valid for five years, and the holder shall apply for renewal six months prior to the expiry of the validity period. A Certificate for Utilization of Laboratory Animals shall be inspected annually by the local Science and Technology Bureau.

Application for Clinical Trial

After completing the pre-clinical studies, the applicant must obtain approval for clinical trials of drugs from the NMPA before the conduction of new clinical drug trials. According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017 and came into effect on May 1, 2017, the decision on the approval of clinical trials of drugs enacted by the CFDA can be made by the CDE from May 1, 2017. Pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "Drug Administration Law") promulgated by the Standing Committee of the National People's Congress (the "SCNPC") in September 1984 and lastly amended in August 2019 and came into effect in December 2019, the dossier on a new drug research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the relevant data, files and samples, shall, in accordance with the regulations of the drug regulatory authority under the State Council be truthfully submitted to the said department for approval before clinical drug trial is conducted.

The Drug Administration Law further stipulates that the drug regulatory authority under the State Council shall decide whether to approve the clinical trial application and notify the decision to the clinical trial applicant within sixty (60) business days from the date of accepting the clinical trial application. If the drug regulatory authority under the State Council fails to do so, the clinical trial application shall be deemed as approved, and if the bioequivalence test is conducted, it is required to report it to the drug regulatory authority under the State Council for filing. According to the Announcement of the Adjustment of Procedures of the Evaluation and Examination for Drug Clinical Trial (《關於調整藥物臨床試驗審評審批程序的公告》), both promulgated by NMPA on

and effective from July 24, 2018, applicants could proceed with their clinical trials if they have not received any denial or query from the CDE within 60 business days after the application has been accepted and the relevant application fees have been paid.

Before conducting the clinical trial, the applicant shall file a series of detailed documents with the NMPA. According to the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013, and the Standard for the Management of Drug Clinical Trial Registration and Information Disclosure (Trial) (《藥物臨床試驗登記與信息公示管理規範(試行)》), which came into effect in July 2020, all clinical trials approved by the CFDA and conducted in the PRC shall complete the clinical trial registration and information disclosure on the drug clinical trial information platform. The applicant must complete the initial registration of the trial within one month after obtaining the approval of the clinical trial to obtain the unique registration number of the trial; and complete the subsequent data registration before the first patient is enrolled and submit it for the first time for disclosure. If the aforementioned disclosure has not been submitted within one year after applicant's obtaining the clinical trial approval, the applicant shall submit an explanation, and if the procedure is not completed within three years, the clinical trial approval shall automatically be annulled.

After obtaining clinical trial approval, the applicant shall choose institutions qualified for clinical trials of the drug to conduct clinical trials. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect in December 2019, drug development activities and clinical trials of drugs (including bioequivalence test conducted after filing) approved by the NMPA within the territory of the PRC, shall be conducted in the drug clinical trial institutions. Drug clinical trial institutions shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The national drug regulatory authority is responsible for setting up a filing management information platform for the registration, filing and operation management of such institutions, as well as for the entry, sharing and disclosure of information on the supervision and inspection conducted by the drug regulatory authority and competent healthcare authority.

Conduct of Clinical Trial

According to the Announcement of Several Policies on the Evaluation and Examination for Drug Registration (《關於藥品註冊審評審批若干政策的公告》) promulgated by the CFDA on November 11, 2015, the INDs of new drugs are subject to one-off umbrella approval instead of declaration, evaluation and approval by stages. The Measures for the Administration of Drug Registration (《藥品註冊管理辦法》) further confirms that the CDE shall, within 60 working days from the date on which the application for a clinical trial is accepted, decide on whether to approve it and then notify the clinical trial applicant. In the case of failure to notify the applicant within the prescribed time limit, it shall be deemed as approved.

In compliance with the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), clinical trials are divided into Phase I, Phase II, Phase III, Phase IV and bioequivalence trial:

A clinical drug trial to be carried out shall be examined and approved by the ethics committee. The management of drugs used in a clinical drug trial shall satisfy the relevant requirements of the GCP. A sponsor approved to carry out clinical drug trial shall, before carrying out subsequent clinical drug trial by stages, develop corresponding plan for clinical drug trial, carry out clinical drug trial upon examination and with consent of the ethics committee, and submit corresponding plan for clinical drug trial and supporting materials on the website of the CDE.

Clinical trials shall be conducted for the application of new drug registration and shall be implemented in accordance with the GCP. The GCP stipulates the criteria for the entire procedure of the clinical trial including pre-clinical trial preparation and the necessary conditions, protection

of testees' rights and interests, trial protocols, duties of researchers, duties of sponsors, duties of monitors, trial record and report, data management and statistical analysis, administration of drug products for trial, guarantee for quality, polycentric trials, with reference to the internationally recognized principles.

According to the Announcement of the Adjustment of Procedures of the Evaluation and Examination for Drug Clinical Trial (《關於調整藥物臨床試驗審評審批程序的公告》), if a new drug clinical trial has been approved to be carried out, after the completion of Phase I and Phase II clinical trials and before the implementation of Phase III clinical trials, the applicant shall submit an application for a communication meeting to the CDE to discuss with the CDE on key technical issues including the design of the Phase III clinical trial. The applicant can also apply for communication meeting on key technical issues at different stages of clinical research and development.

According to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), applicants may communicate with the CDE on major issues at critical stages such as prior to application for clinical trial of a drug, during the process of clinical trial of a drug, and prior to application for marketing authorization of a drug. According to the Measures for the Administration of Communication and Exchange in Drug Development and Technology Review (《藥物研發與技術審評溝通交流管理辦法》) promulgated by the CDE on December 10, 2020, an applicant may propose to convene a communication meeting with the CDE during the process of drug research and development and registration application. There are three types of communication and exchange meetings: Type I meetings are held to resolve major safety issues encountered in the course of clinical trials of drugs and major technical issues in the course of R&D of breakthrough therapeutic drugs; Type II meetings are held for drugs at critical stages of R&D, which mainly include pre-application meetings for new drugs, meetings after the conclusion of Phase II clinical trials and before the commencement of Phase III clinical trials, meetings before application for marketing authorization of new drugs, and meetings for risk assessment and evaluation of new drugs. Type III meetings shall refer to meetings other than Type I and Type II meetings.

According to the Announcement of the Opinions on Handling Issues Related to Verification of Drug Clinical Trial Data (《關於藥物臨床試驗數據核查有關問題處理意見的公告》), both promulgated by CFDA on and effective from May 22, 2017, if the clinical trial data is incomplete, ill-formed or insufficient to prove the safety and efficacy of the drug, the registration application of the drug will be rejected.

New Drug Application

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), after completing the pharmaceutical research, pharmacological and toxicological research, clinical drug trial, and other researches supporting the marketing registration of a drug, determining the quality standards, completing the verification of commercial large-scale production process, and making sound preparation for the acceptance of drug registration inspection and examination, an applicant shall file an application for drug marketing authorization, and submit relevant research materials in accordance with the requirements of the application materials. After the formal examination of the application materials, an application that satisfies the requirements shall be accepted. Where a generic drug, in vitro diagnostic reagent managed as a drug, or any other eligible circumstance assessed by an applicant to be unnecessary or impossible for conducting clinical drug trial and meeting the conditions for exempting clinical drug trial, the applicant may directly file an application for drug marketing authorization. The technical guiding principles and relevant specific requirements for exempting clinical drug trial shall be developed and announced by the CDE.

The CDE shall organize pharmaceutical, medical and other technical personnel to evaluate the accepted applications for drug marketing authorization. Where the comprehensive evaluation conclusion is adopted, the drug shall be approved for marketing, and a drug registration certificate

shall be issued. If the comprehensive evaluation conclusion is not adopted, a disapproval decision shall be made. A drug registration certificate shall specify the drug approval number, holder, manufacturer and other information.

Drug registration inspection means the inspection activities carried out for the development sites and production sites to verify the authenticity and consistency of the application materials and the commercial production conditions for marketing of drugs, and to examine, among other things, the compliance of drug development and data reliability. Where necessary, it also includes the extended examination activities carried out for manufacturers, suppliers, or other entrusted institutions of chemical active pharmaceutical ingredients, auxiliary materials, and packaging materials and containers in direct contact with drugs involved in the application for drug registration.

The CDE shall decide whether to carry out on-site inspection of drug registration development based on risks, according to the degree of drug innovation and the previous acceptance of inspection by drug research institutions.

The CDE shall decide whether to launch production site inspection for drug registration based on risks according to factors such as variety, process, facility and previous acceptance of inspection for which an application is filed for registration. For innovative drugs, new modified drugs and biological products, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be conducted. For generic drugs, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be conducted based on the risks, according to whether a drug production license for the corresponding production scope has been obtained and whether a variety of the same dosage form has been marketed.

After an application for drug registration is accepted, the CDE shall conduct preliminary examination within forty (40) business days of acceptance, notify the Center for Food and Drug Inspection of NMPA (the "Center for Inspection") inspection and provide the relevant materials required for inspection, where production site inspection for drug registration is required, and concurrently notify the applicant and the medical products administrative department of the province, autonomous region or municipality in the place where the applicant or production enterprise is located. In principle, the Center for Inspection shall complete the inspection work forty (40) business days prior to the expiry of the time limit for inspection, and report the inspection information, inspection results and other relevant materials to the CDE.

Drug registration examination shall include standard review and sample examination. Standard review means the laboratory assessment of the scientificity of the items specified in the standards for the drug for which the applicant applies, the feasibility of the test methods and the rationality of quality control indicators, among others. Sample examination means the laboratory examination carried out for samples according to the application of the applicant or the drug quality standards verified by the CDE.

The review period for an application for drug marketing authorization shall be two hundred (200) business days. The review period for the procedures for prioritized review and approval shall be one hundred and thirty (130) business days, and the review period for the procedures for prioritized review and approval for clinically and urgently needed overseas-marketed drug for a rare disease shall be seventy (70) business days.

The following duration shall be excluded from the relevant work period: (i) time taken for the applicant to provide supplementary materials, to make corrections upon examination as well as to verify manufacturing process, quality standards and literature in accordance with the requirements; (ii) delay in examination or inspection due to reason of the applicant, time taken for organizing

expert advisory meetings; (iii) the suspended duration in the event of suspension of review and approval procedures pursuant to the provisions of laws and regulations; and (iv) time taken for overseas examination where such overseas examination is activated.

Reform of Evaluation and Approval System for Drugs

In August 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the "Reform Opinions"), which provide a framework for reforming the evaluation and approval system for drugs and indicate the enhancement of the standard of approval for drug registration and the acceleration of the evaluation and approval process for innovative drugs.

In November 2015, the CFDA promulgated the Announcement on Certain Policies for Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》) (the "Certain Policies Announcement"), which further clarifies the measures and policies on simplifying and accelerating the approval process on the basis of the Reform Opinions.

Pursuant to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA in March 2017 and came into effect in May 2017, the clinical trial approval decisions on drugs (including domestic and imported) can be directly made by the CDE in the name of the CFDA; decisions on approval of drug supplementary applications (including domestic and imported); decisions on approval of re-registration of imported drugs. In addition, the Circular on Issues Concerning Optimizing Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), both promulgated by NMPA and NHC on and effective from May 17, 2018, further simplifies and accelerates the approval process of specific kinds of drugs.

The Evaluation and Approval Procedures for Breakthrough Therapeutic Drugs (Trial) (《突破性治療藥物審評工作程序(試行)》), the Evaluation and Approval Procedures for Conditionally Approved Drugs (Trial) (《藥品附條件批准上市申請審評審批工作程序(試行)》) and The Preferential Evaluation and Approval Procedures for Drug Marketing Authorization (Trial) (《藥品上市許可優先審評審批工作程序(試行)》) promulgated by the NMPA in July 2020 and came into effect in July 2020, replace the Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the CFDA in December 2017 and came into effect in December 2017, which further clarified the Accelerating Registration Procedures for Drugs.

Administrative Protection and Monitoring Periods for New Drugs

According to the Implementing Rules for PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) issued on March 2, 2019 latest amended and effective on January 20, 2025 and the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) issued on March 4, 2016, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not approve any other enterprises' applications to manufacture or import the said drug.

Regulations on International Multi-Center Clinical Trials and Acceptance of Overseas Clinical Trial Data

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《關於發佈國際多中心藥物臨床試驗指南(試行)的通告》), ("the Multi-Center Clinical Trial Guidelines"), promulgated by the NMPA on January 30, 2015 and came into effect from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical

trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the international multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the Drug Administration Law, the Implementing Rules for PRC Drug Administration Law and the Measures for the Administration of Drug Registration, execute the GCP, make reference to universal international principles such as the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), and comply with the laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived from the international multi-center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and other related laws and regulations.

According to the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》), clinical trial data obtained in an international multi-center that conforms to China's requirements for registration of drugs and medical devices can be used for the application for registration in China.

According to the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) promulgated by the NMPA on July 6, 2018, the basic principles for accepting overseas clinical trial data include: (i) applicants shall ensure the authenticity, integrity, accuracy and trace-ability of overseas clinical trial data; (ii) the process of generating overseas clinical trial data shall comply with the relevant requirements of the ICH-GCP; (iii) applicants shall ensure the scientific design of overseas clinical trials, the compliance of clinical trial quality management system with the requirements, and the accuracy and integrity of statistical analysis of data; and (iv) to ensure that the clinical trial design and statistical analysis of the data are scientific and reasonable, for the drugs with simultaneous R&D at home and abroad and forthcoming clinical trials in China, the applicants may, prior to implementing registrational clinical trials, contact the CDE to ensure the compliance of registrational clinical trial's design with the essential technical requirements for drug registration in China.

Marketing Authorization Holder System

Pursuant to the Drug Administration Law and the Measures for the Administration of Drug Registration, the state implements the drug marketing authorization holder system for drug management. After obtaining a drug registration certificate, an applicant shall be the drug marketing authorization holder. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

The drug marketing authorization holder shall proactively carry out post-marketing research on drugs, further confirm the safety, effectiveness and quality controllability of drugs, and strengthen the continuous management of marketed drugs. Where a drug registration certificate and its annex require the marketing authorization holder to carry out relevant research work after the drug is marketed, the marketing authorization holder shall complete the research within the prescribed time limit and file a supplementary application, undergo recordation formalities or report as required. After a drug is approved for marketing, the marketing authorization holder shall continue to conduct research on drug safety and effectiveness, undergo recordation formalities in a timely manner or file a supplementary application for revising the instructions according to the relevant data, and continuously update and improve the instructions and labels. The medical products administrative department may require the marketing authorization holder to revise the instructions and labels based on the monitoring of adverse drug reactions and the post- marketing reevaluation results of the drug.

The marketing authorization holder shall apply for re-registration six months prior to the expiry of the validity period of the drug registration certificate. An application for re-registration of a domestically produced drug shall be filed by the marketing authorization holder with the medical products administrative department of the province, autonomous region or municipality directly under the central government, and an application for re-registration of a drug produced overseas shall be filed by the marketing authorization holder with the CDE.

National Reimbursement Drug List of China (the "NRDL")

Participants in the National Health Insurance Scheme and their employers (if any) have to pay a monthly premium. Participants may be reimbursed for all or part of the cost of medicines included in the medical insurance catalog. The Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), jointly issued by the National Development and Reform Commission (the "NDRC"), the MOF and other authorities, came into effect on May 12, 1999, stipulates that the medicines included in the medical insurance catalog must be clinically necessary, safe and effective, reasonably priced, convenient to use and the supply of which can be guaranteed by the market.

The NRDL for Basic Medical Insurance, Maternity Insurance and Work-related Injury Insurance (《國家基本醫療保險、生育保險和工傷保險藥品目錄》) sets out the standards for payment of medicines by the basic medical insurance, work-related injury insurance and maternity insurance funds. The NHSA and other governmental organizations have the authority to determine the drugs to be included in the NRDL. Drugs listed in the NRDL are divided into two parts: Class A and Class B. Class A drugs are widely used for clinical treatment, with favorable efficacy and lower prices than their counterparts, while Class B drugs are used for clinical treatment, with favorable efficacy and slightly higher prices than Class A drugs.

On December 5, 2025, the NHSA and the Ministry of Human Resources and Social Security of the PRC released the latest NRDL (effective from January 1, 2026), which has been expanded to cover a total of 3,253 drugs. Inclusion in the NRDL will generally result in increased sales volume and lower drug prices (which are determined on a case-by-case basis and negotiated based on factors such as the initial drug price).

On July 30, 2020, the NHSA issued the Provisional Measures for the Administration of Medicines for Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) ("Measures for the Administration of the NRDL"), which came into effect on September 1, 2020. The Measures for the Administration of the NRDL provides guidance on the inclusion and adjustment of the NRDL and the payment, management and supervision of basic medical insurance. According to the Measures for the Administration of the NRDL, a dynamic adjustment mechanism shall be established for the NRDL, which shall be adjusted annually in principle.

National Essential Drug List of China (the "NEDL")

On August 18, 2009, the MOH and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the NEDL (《國家基本藥物目錄管理辦法(暫行)》), which was revised on February 13, 2015 by the Notice on Issuing the Measures on the Administration of the NEDL (《關於印發國家基本藥物目錄管理辦法的通知》), and the Guidelines on the Implementation of the NEDL System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the NEDL. On September 13, 2018, the General Office of the State Council issued the Opinions of the General Office of the State Council on Improving the National Essential Drug System (《國務院辦公廳關於完善國家基本藥物制度的意見》). The NHC and the National Administration of Traditional Chinese Medicine promulgated the NEDL (2018 Edition) (《國家基本藥物目錄(2018年版)》) on September 30, 2018, replacing the NEDL (2012 Edition) (《國家基本藥物目錄(2012年版)》) which was promulgated on

March 13, 2013. According to these regulations, basic healthcare institutions funded by the government, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall stock and use drugs listed in the NEDL. The drugs listed in NEDL shall be purchased by centralized tender process and are subject to the price control by the NDRC. Remedial drugs in the NEDL are all listed in the Medical Insurance Catalog and the full amount of the purchase price of such drugs is entitled to reimbursement.

Human Genetic Resources Approval or Filing

Pursuant to the Regulations of the PRC on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》) (the "Human Genetic Resource Regulation") promulgated by the State Council on May 28, 2019 and implemented on July 1, 2019, newly amended in March 2024 and came into effect on May 1, 2024, human genetic resource includes human genetic resource materials and information. Human genetic resource materials shall refer to organs, tissues, cells and other genetic materials containing human genome, genes and other genetic materials. Human genetic resource information shall refer to information, such as data, generated by human genetic resources materials. The Human Genetic Resource Regulation formalized the specific requirements to obtain approval relating to research collaborations between Chinese and foreign entities. Utilization of China's human genetic resources in internally cooperative clinical trial with the purpose of obtaining marketing licenses for drugs and medical devices, which involves no export or emigration of human genetic resources, is not subject to relevant approval. However, parties to such internationally cooperative clinical trial shall submit a filing about the category, quantity, usage of human genetic resources. Foreign organisations, individuals and institutions established or actually controlled by foreign organizations and individuals are not allowed to collect or preserve human genetic resources in China or provide human genetic resources abroad.

The Bio-security Law of the PRC (《中華人民共和國生物安全法》) promulgated by the SCNPC on October 17, 2020 and last amended on April 26, 2024 and effective from the same date, provides that the PRC shall have sovereignty over the human genetic resources and biological resources of China. The Bio-security Law of the PRC further stipulates that the competent health department under the State Council shall be the competent authority for the approval or filing of activities involving China's human genetic resources.

Good Clinical Practice Certification and Compliance with the Good Clinical Practice (GCP)

To improve the quality of clinical trials, the NMPA and NHC promulgated the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) (the "GCP") in April 2020 and came into effect on July 1, 2020, which aims to ensure that the clinical trials of drugs are standardized and the results are scientific and reliable, protecting the rights and safety of human subjects. Pursuant to the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) promulgated by the general offices of the Chinese Communist Party Central Committee and the General Office of the State Council in October 2017, the qualification of clinical trial institutions shall be subject to record management. Clinical trials should follow GCP and protocols approved by the ethics committee of each research center.

Laws and Regulations in Relation to Drug Manufacturer

Drug Manufacturing Permit

Pursuant to the Drug Administration Law and the Measures on Supervision of Pharmaceutical Manufacturing (《藥品生產監督管理辦法》), promulgated by the NMPA on December 11, 2002, last amended on January 22, 2020 and effective on July 1, 2020, the state adopts an industry entry permit system for drug manufacturers. The conduct of drug manufacturing activities shall be approved and granted with a Drug Manufacturing License (《藥品生產許可證》) by the drug

regulatory authority of the people's government at provincial, autonomous regional or municipal level. The Drug Manufacturing License shall indicate the validity period and the scope of production, and shall be reviewed for renewing upon expiration.

Good Manufacturing Practices

Prior to December 1, 2019, establishment of a new drug manufacturer, construction of new production premise for a drug manufacturer or production of new dosage form were required to submit application for good manufacturing practice certification (GMP certification) with the drug regulatory authority in accordance with relevant provisions. If the Good Manufacturing Practices are satisfied, a GMP certificate will be issued. Pursuant to the Announcement on the Relevant Issues Concerning the Implementation of the Drug Administration Law of the PRC (《關於貫徹實施<中華人民共和國藥品管理法>有關事項的公告》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law, the GMP and Good Supply Practice (GSP) certifications have been canceled, applications for GMP and GSP certifications are no longer accepted, and GMP and GSP certificates are no longer issued. When engaging in drug manufacturing activities, a manufacturer shall comply with the GMP and establish a sound GMP management system, to ensure that the entire process of drug manufacturing continue to meet the statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with the law. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

The Good Manufacturing Practices (《藥品生產質量管理規範》), promulgated by the Ministry of Health of the PRC (the "MOH", revoked on March 10, 2013, now known as the NHC) in December 1992, newly amended in January 2011 and came into effect on March 1, 2011, provided guidance for the quality management, organization and staffing, production premises and facilities, equipments, material and products, recognition and inspection, documentation maintenance, manufacture management, quality control and quality assurance, contractual manufacture and contractual inspection for the products, product delivery and recalls of a manufacturer in a systematical manner.

Contract Manufacturing of Drug

Pursuant to the Administrative Regulations for the Contract Manufacturing of Drug (《藥品委託生產監督管理規定》), promulgated by CFDA on August 14, 2014 and effective from October 1, 2014, in the event that a drug manufacturer in China that has obtained a drug marketing authorization temporarily lacks manufacturing conditions as a result of technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, it can entrust the manufacturing of that drug to another domestic drug manufacturer. Such contract manufacturing arrangements need to be approved by the provincial branch of NMPA. The Regulations further prohibit the contract manufacturing arrangement of certain special drugs, including narcotic drugs, psychoactive drugs, biochemical drugs and active pharmaceutical ingredients.

Pursuant to the Drug Administration Law, a drug marketing authorization holder may produce drugs by itself or may entrust other drug manufacturers with production. A drug marketing authorization holder that intends to manufacture drugs on its own shall obtain a drug manufacturing permit. If the holder intends to entrust a third-party to manufacture, it shall entrust a qualified drug manufacturer. The drug marketing authorization holder and the commissioned manufacturer shall enter into an entrustment agreement and a quality agreement, and strictly perform the obligations pursuant to such agreements. Blood products, anesthetics, psychotropic pharmaceuticals, toxic pharmaceuticals for medical treatment and pharmaceutical precursor chemicals may not be produced through entrustment, except as otherwise prescribed by the drug administrative department of the State Council.

Export of Drug

Pursuant to the Reply by NMPA on Certain Issues of Pharmaceutical Products Export (《國家藥品監督管理局關於藥品出口有關問題的批覆》), both promulgated on and effective from September 20, 1999, enterprises have the right to operate import and export of pharmaceutical products and the qualification shall be decided by the foreign trade authority. Export of pharmaceutical products shall mainly comply with the requirements of the importing country, so long as there is no special requirement by the importation country, the NMPA would, in principle, support the export based on the national policy of encouraging exports. However, pursuant to the Drug Administration Law, the export of narcotics and psychotropic drugs prescribed by the PRC requires an export license issued by the NMPA.

Other Laws and Regulations in Relation to Medical Industry

Basic Medical Insurance Policy

Pursuant to the Decision on the Establishment of the Urban Employee Basic Medical Insurance Program (《關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998 and the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), all employers in cities and towns, including enterprises (state-owned enterprises, collective enterprises, foreign-invested enterprises, private enterprises, etc.), institutions, public institutions, social organizations, private non-enterprise units and their employees are required to participate in basic medical insurance. Pursuant to the Guiding Opinions on the Pilot of Basic Medical Insurance for Urban Residents (《關於開展城鎮居民基本醫療保險試點的指導意見》) promulgated by the State Council on July 10, 2007, urban residents (not urban employees) in the pilot areas can voluntarily participate in the basic medical insurance for urban residents. Pursuant to the Opinions of the State Council on the Integration of the Basic Medical Insurance System for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) promulgated by the State Council on January 3, 2016, a unified basic medical insurance system for urban and rural residents was established, integrating the existing urban residents' medical insurance and the new rural cooperative medical system, covering all urban and rural residents except those who should be covered by the employee's basic medical insurance.

Medical Insurance Catalog

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalog. A pharmaceutical product listed in the Medical Insurance Catalog must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: it is set forth in the Pharmacopoeia of the PRC (current edition) (《中華人民共和國藥典》(現行版)); it meets the standards promulgated by the NMPA; and if imported, it is approved by the NMPA for import. According to the Opinions of the NHSA and the Ministry of Finance on Establishing a List-Based System for Healthcare Security Benefits (《國家醫保局、財政部關於建立醫療保障待遇清單制度的意見》), which came into effect in January 2021, all provinces shall implement the NRDL in a strict manner, and shall not have the discretion to formulate the catalog, add drugs to the catalogue, or adjust the scope of limited payment unless explicitly stipulated. After several adjustments, the currently effective one is the National Insurance Drug List for Basic Medical Insurance, Maternity Insurance and Work-related Injury Insurance (2025) (《國家基本醫療保險、生育保險和工傷保險藥品目錄(2025年)》) came into effect since January 1, 2026.

Drug Price

Pursuant to the Drug Administration Law, for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council's pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發<推進藥品價格改革意見>的通知》) jointly promulgated by the NDRC, the NHC, the Ministry of Human Resources and Social Security, Ministry of Industry and Information Technology, the Ministry of Finance of the PRC (中華人民共和國財政部) (the "MOF"), the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "MOFCOM") and the CFDA on May 4, 2015 and came into effect on June 1, 2015, government-set drug prices were abolished except for narcotic drugs and first-class psychotropic drugs.

Advertising of Pharmaceutical Products

The Advertising Law of the PRC (《中華人民共和國廣告法》), as amended and effective on April 29, 2021, outlines the regulatory framework for the advertising industry. Advertisers, advertising service providers and advertising publishers are required to ensure that the contents of the advertisements they prepare or distribute are true and in full compliance with applicable laws and regulations. For advertisement of drugs, the advertisement contents shall be examined by the relevant authorities prior to their publishing. Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) promulgated by SAMR in December 2019 and came into effect on March 1, 2020, advertisements for drugs, medical devices, health food and formula food for special medical purposes shall be true and legitimate, and shall not contain any false or misleading contents.

Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品説明書和標籤管理規定》), promulgated by the SFDA and came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the SFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer. The outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and the name of the drug manufacturer. Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with national and professional standards. If no national or professional standards are available, the enterprise can formulate and implement its standards after obtaining the approval of the food and drug administration and bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs without packaging standards must not be sold or traded (except for drugs for the military).

Provisions in Relation to the Company's Principal Activities

The "Healthy China 2030" Planning Outline (《"健康中國2030"規劃綱要》) jointly issued and implemented by the State Council and the general offices of the Chinese Communist Party Central Committee on October 25, 2016 proposes the establishment of a comprehensive clinical evaluation system focusing on essential medicines, aiming to complete the drug price formation

mechanism in accordance with the principle of combining government regulation with market adjustment, strengthen the linkage between the pricing, health insurance, procurement policies while insisting on categorized management, strengthen supervision of prices of medicines with insufficient market competition and high-value medical consumables, establish a system for monitoring and disclosing information on drug prices, and formulate and improve policies on and standards for payment for drugs covered by medical insurance.

The 14th Five-Year Plan for National Health (《"十四五"國民健康規劃》) issued and implemented by the General Office of the State Council on April 27, 2022 proposes to encourage the research and development, innovation and application of new medicines, accelerate the research, development and industrialization of urgently-needed medicines for the clinical treatment of major diseases, and support the research and development of high-quality generic medicines, deepen the reform of the review and approval procedures for medicines and medical devices, and expedite the review and approval process for innovative, clinically-needed drugs and medical devices, and drugs for the treatment of rare diseases.

The Several Opinions of the General Office of the Shanghai Municipal People's Government on Supporting the Whole-Chain Innovation and Development of the Biopharmaceutical Industry (《上海市人民政府辦公廳關於支持生物醫藥產業全鏈條創新發展的若干意見》) issued by the General Office of the Shanghai Municipal People's Government on July 15, 2024 and implemented on August 1, 2024 (valid until July 31, 2029) proposes to support the innovation and development of the whole chain of the biopharmaceutical industry, including accelerating the transition from the R&D achievements to pre-clinical research, continuously increasing the support for R&D of innovative drugs, optimizing the mechanism for the transformation of clinical research achievements, shortening the start-up time of clinical trials, etc.

The Several Measures for the Whole-Chain Support of the High-Quality Development of Innovative Drugs and Medical Devices (《浙江省人民政府辦公廳關於印發浙江省全鏈條支持創新藥械高質量發展若干舉措的通知》) issued by the General Office of the People's Government of Zhejiang Province on December 30, 2024 and implemented on February 15, 2025, proposes to support the whole-chain development of innovative drugs and medical devices through initiatives including enhancing R&D capabilities, optimizing clinical research and review processes, promoting application, expanding payment channels, and strengthening data/industrial factor support, etc.

Laws and Regulations in Relation to Intellectual Property

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》) (the "Patent Law"), which was promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "Implementation Rules"), promulgated by the State Council on June 15, 2001 and latest amended on December 11, 2023 and came into effect on January 20, 2024. The Patent Law and the Implementation Rules provide for three types of patents, namely "invention", "utility model" and "design". "Invention" refers to any new technical solution relating to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and "design" refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for "invention" is twenty (20) years; the duration of a patent right for "utility model" is ten (10) years; and the duration of a patent right for "design" is fifteen (15) years, all of which duration are from the date of application. According to the Patent Law, for the purpose of public health, the patent

administration department of the State Council may grant mandatory licensing for patented drugs manufactured and exported to countries or regions which comply with the provisions of the relevant international treaty participated by the PRC.

The newly amended Patent Law introduces patent extensions to patents of new drugs launched in the PRC, and stipulates that the patent administration department under the State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review, examination and approval of the listing of a new drug on the market.

The compensated extension shall not exceed five (5) years, and the total valid patent term after the new drug is approved for the market shall not exceed fourteen (14) years. Such newly adopted patent term extension rule benefits the Company through longer protection terms of patents applied or registered in the PRC and related to our product candidates. During the compensated extension period of the patent term of the patent for invention related to a new drug, the scope of protection of the patent is limited to the new drug and the technical solutions related to the approved indications of the new drug. Within the scope of protection, the rights and obligations of the patentee remain the same as before the compensated extension period.

Trademarks

Registered trademarks in the PRC are mainly protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982 and latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which were promulgated by the State Council on August 3, 2002 and latest amended on April 29, 2014 and came into effect on May 1, 2014. The Trademark Office is responsible for the registration and administration of trademarks throughout the PRC, and grants a term of ten (10) years to registered trademarks. When it is necessary to continue using the registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal within twelve (12) months before the expiration in accordance with the requirements. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten (10) years as of the next day of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

Domain Names

Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology (the "MIIT"), on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of the PRC internet domain names. Domain names registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, latest amended on June 27, 2025 and came into effect on October 15, 2025, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others' trade secrets by: (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (i) above; (iii) disclosing, using, or allowing another

person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (iv) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

The Company Law and Regulations

The Company Law of the PRC (《中華人民共和國公司法》), which was amended by the SCNPC on December 29, 2023 and became effective on July 1, 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in PRC.

Regulations in Relation to Foreign Direct Investment

Since January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "Foreign Investment Law") promulgated by the National People's Congress (the "NPC") and the Regulations for Implementation of the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council came into effect and became the principal laws and regulations governing foreign investment in the PRC. The Law of the PRC on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-Owned Enterprises (《中華人民共和國中外合作經營企業法》) and the Law of the PRC on Sino-Foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》), together with their implementation rules and ancillary regulations were abolished at the same time. Pursuant to the Foreign Investment Law, "foreign investment" shall refer to the investment activities conducted directly or indirectly by foreign individuals, enterprises or other entities in the PRC, including the following circumstances: (i) the establishment of foreign-invested enterprises in the PRC by foreign investors solely or jointly with other investors; (ii) a foreign investor's acquisition of shares, equity interests, property portions or other similar rights and interests of enterprises in the PRC; (iii) investment in new projects in the PRC by foreign investors solely or jointly with other investors; and (iv) investments made by foreign investors through means provided in laws, administrative regulations, or other methods prescribed by the State Council. The organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC and other laws.

The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024, which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM.

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, the MOFCOM is responsible for coordinating and guiding the reporting of foreign investment information nationwide. The competent commercial department of the local people's government at or above the county level, as well as the relevant agencies of the pilot free trade zone and the national economic and technological development zone, are responsible for reporting information on foreign investment in the region. Foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the national enterprise credit information publicity system and the reporting methods include initial reports, change reports, cancelation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises. If the change in the information of initial reports involves registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system when applying for the registration or filing of change of enterprises. If the change in the information of initial reports does not involve registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system within twenty (20) business days after the change. Foreign-invested listed companies may report information on changes in investors and their shareholdings only when the cumulative change in the foreign investors' shareholding ratio exceeds 5% or the foreign parties' shareholding or relative holding status have changed.

Regulations on The Security Review of Foreign Investment

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

Regulations in Relation to Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018 (the "Product Quality Law"), is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and coming into effect on January 1, 2021, where a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder, producer

or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder or producer.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 and came into effect on March 15, 2014 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. All business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Regulations in Relation to Production Safety

The Production Safety Law of the PRC (《中華人民共和國安全生產法》), promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021 and came into effect on September 1, 2021, is the basic law for governing production safety. It provides that, any entity whose production safety conditions do not meet the requirements may not engage in production and business operation activities. The production and business operation entities shall educate and train employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, are familiar with the relevant regulations and rules for safe production and the rules for safe operation, master the skills of safe operation in their own positions, understand the emergency measures, and know their own rights and duties in terms of production safety. Employees who fail the education and training programs on production safety may not commence working in their positions. Safety facilities of new building, rebuilding or expanding project (the "construction project") shall be designed, constructed and put into operation simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

Regulations in Relation to Environmental Protection and Fire Safety

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and latest amended on April 24, 2014 and came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and latest amended on July 16, 2017 and came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Enterprises generating environmental pollution in the PRC must comply with the PRC Law on the Prevention from Water Pollution (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, and last amended on June 27, 2017, the PRC Law on the Prevention from Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987, and last amended on October 26, 2018, the PRC Law on the Prevention from Noise Pollution (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on December 24, 2021 and effective from June 5, 2022, and the PRC Law on the Prevention from Environmental Pollution of Solid Waste (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, and last amended on April 29, 2020. The abovementioned laws regulate extensive issues in relation to the environment protection including waste water discharge, air pollution control, noise emission and solid waste pollution control. Pursuant to these laws, all

the enterprises that may cause environmental pollution in the course of their production and business operation shall introduce environmental protection measures in their plants and establish a reliable system for environmental protection.

Enterprises that engage in the activities of industry, construction, catering, and medical treatment, etc. that discharges sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013 and came into force on January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated on January 22, 2015 and last amended on December 1, 2022 and took effect on February 1, 2023. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the State. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

According to the Administrative Measures on Pollutant Discharge Permit (《排污許可管理辦法》) issued by the Ministry of Ecology and Environment on April 1, 2024 and came into effect on July 1, 2024, enterprises, public institutions and other producers and operators that are subject to the administration of pollutant discharge permits shall apply for pollutant discharge permit and discharge pollutants in accordance with the requirements of the pollutant discharge permit; and those who have not obtained the pollutant discharge permits shall not discharge pollutants. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological drugs and products falls into the classification management scope for fixed source pollution permits.

According to the Opinions of the general offices of the Chinese Communist Party Central Committee and the State Council on Fully and Accurately Implementing the New Development Concept and Doing a Good Job in Carbon Peak and Carbon Neutrality, (《中共中央、國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) promulgated and came into effect on September 22, 2021, significant progress will be made in green transformation by 2030, with key industries reaching advanced international energy efficiency levels. By 2060, a green, low-carbon, circular economy and a clean, safe, and efficient energy system will be fully established, achieving the carbon neutrality goal.

According to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC in April 1998, last amended and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) (the "Interim Provisions") promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, and last amended on August 21, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction and construction projects shall undergo the fire protection design review and acceptance system. The special construction projects as defined in the Interim Provisions must apply to the fire control department for fire protection design review, and complete the fire protection acceptance procedures after the completion of the construction project. The construction unit of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five (5) business days after the completion acceptance of the construction project. If a construction project fails to pass the fire safety inspection before it is put into use, or does not meet the fire safety requirements after the inspection, it will be ordered to suspend the construction and use of such project, or suspend production and business, and be imposed a fine.

Regulations in Relation to Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the "Prevention and Control of Occupational Diseases Law"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

Employee Stock Option Plans

On February 15, 2012, the SAFE issued the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "Share Option Rules"). Under the Share Option Rules, the PRC citizens or residents habitually residing in the PRC continuously for over one year, with a few exceptions, and who have been granted, restricted shares or share options by an overseas listed company according to its employee share option or share incentive plan, are required to appoint a qualified PRC agent, register with the SAFE or its local counterparts and complete certain other procedures related to the shareholding plan, share option plan or other similar share incentive plans. Concurrent with registration with the SAFE or its local counterparts, the qualified PRC agent is required to obtain an approval from the SAFE for an annual allowance for the foreign exchanges in connection with shareholding or the exercise of a share option, and an approval for opening a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with share purchases or share option exercises, returned principals or profits upon sale of shares, dividends issued on the stock and any other income or expenditures approved by the SAFE. Currently, foreign exchange income of the participating PRC residents received from the sale of share and dividends distributed by the overseas listed company are required to be fully remitted into such special domestic foreign currency account before distribution to such participants. In addition, the PRC agents are required to amend or deregister the registrations with the SAFE or its local counterparts in case of any material change in, or termination of, the share incentive plans within the time periods provided by the Share Option Rules.

Regulations in Relation to Employment and Social Securities

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994 and latest amended on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007 and latest amended on December 28, 2012 and came into effect on July 1, 2013, employers shall execute written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions.

According to Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and amended on December 29, 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related

injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer to make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

According to the Interim Measures for the Participation in Social Insurance of Foreigners Employed in China (《在中國境內就業的外國人參加社會保險暫行辦法》), which was promulgated on September 6, 2011, amended on December 23, 2024 and became effective on the same date, employers who hire foreigners shall register them for social insurance within 30 days from the date of obtaining employment certificates. Foreigners who participate in social insurance and meet the requirements shall enjoy social insurance benefits in accordance with the law.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》), which was promulgated on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and basic medical insurance shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the STA on September 13, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the STA on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on April 3, 1999 and latest amended on March 24, 2019, employers are required to make contribution to housing provident funds for their employees. Where an employer fails to pay up housing provident funds, the housing provident fund administration center may order it to make payment within a prescribed time limit. If the employer still fails to do so, the housing provident fund administration center may apply to the court for compulsory enforcement of the unpaid amount.

Regulations in Relation to Information Security and Data Privacy

Data Security and Export

The SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》), on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of

data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

The Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "MCR") were promulgated jointly by the Cyberspace Administration of China and the other 12 governmental authorities, and became effective on February 15, 2022. The MCR stipulates that the operators carrying out data processing activities that affect or may affect national security, shall conduct cyber security review. Pursuant to Article 2 of the MCR, besides the procurement of network products and services by critical information infrastructure operators, any data processing activity by network platform operators that affects or may affect national security shall be subject to the cybersecurity review. In accordance with Article 7 of the MCR, network platform operators mastering personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad.

According to the Measures for Security Assessment of Data Export (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad.; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), both issued by the Cyberspace Administration of China on and effective from March 22, 2024, a data handler that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification, if such data handler accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year.

Personal Information Protection

According to the Civil Code (《民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people's personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the

SCNPC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, as amended on October 28, 2025 and came into effect on January 1, 2026, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

Laws and Regulations in Relation to Anti-Bribery

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局, the predecessor of the SAMR) on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

Pursuant to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), promulgated by the National Health and Family Planning Commission (currently the NHC) and came into effect on March 1, 2014, any medicine production and operation enterprises or agents that are involved in criminal, investigational or administrative procedures for commercial bribery will be listed in the adverse records of commercial briberies by the relevant government authorities, as a result of which, for two years from the date the list of adverse records of commercial briberies is published, (i) their products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies within the relevant provinces, and (ii) the scores of their products in the centralized tender processes of public medical institutions or medical and health institutions receiving financial subsidies in other provinces will be reduced. As for those enterprises or agents listed in adverse records twice within five years, their products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies throughout China for two years from the date the list of adverse records of commercial briberies is published.

REGULATIONS ON TAXATION

Enterprise Income Tax

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) and Regulations for the Implementation of the PRC Enterprise Income Tax (《中華人民共和國企業所得税法實施條例》) (collectively, the "EIT Laws") were promulgated on March 16, 2007 and December 6, 2007, respectively, and were amended on December 29, 2018 and April 23, 2019, respectively. Pursuant to the EIT Laws, taxpayers consist of resident enterprises and non-resident enterprises. Resident

enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered within China. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside China, but have established institutions or premises in China, or have no such established institutions or premises but have income generated from inside China. Pursuant to the EIT Laws and relevant implementing regulations, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises. However, if non-resident enterprises have not formed permanent establishments or premises in China, or if they have formed permanent establishment institutions or premises in China but there is no actual relationship between the relevant income derived in China and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside China. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), which was promulgated by the SCNPC on December 25, 2024 and effective from January 1, 2026, entities and individuals engaging in selling goods, services, intangible assets, or immovables within the territory of the PRC are taxpayers of the value-added tax ("VAT").

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、税務總局關於調整增值税税率的通知》) effective in May 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Regulation

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various

special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, multiple capital accounts for the same entity may be opened in different provinces as well. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019, prescribed that the bank instead of the SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

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

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19 promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019 and March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, the SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day and partially amended on December 4, 2023. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to the SAFE Circular 16's interpretation and implementation in practice.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1,

2020), and partially amended on December 4, 2023. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall conduct post spot checking in accordance with the relevant requirements.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

On July 6, 2021, the general offices of the Chinese Communist Party Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) (the "Opinions on Securities Activities"). The Opinions on Securities Activities emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five relevant guidelines, issued by the CSRC on February 17, 2023 and effective from March 31, 2023 (hereinafter referred to as the "Overseas Listing Trial Measures"), where a domestic company seeks overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures. If an issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three (3) business days after submitting application documents for overseas securities issuance and listing.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC and other departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level

for filing. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo the relevant procedures in accordance with the relevant regulations of the state.

Regulations in Relation to the "Full Circulation" of H Share

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) which was promulgated by the CSRC on November 14, 2019 and came into effect on the same date, which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》), the term "full circulation" means the circulation of domestically unlisted shares (including domestically unlisted shares held by domestic shareholders prior to the listing abroad, additional domestically unlisted shares issued domestically after listing abroad and unlisted shares held by foreign shareholders) of H-share companies on the Stock Exchange. On the premise of complying with relevant laws and regulations as well as policies governing state-owned asset management, foreign investment and industrial supervision, the shareholders of domestically unlisted shares may determine the number and proportion of shares under application for circulation through negotiation at their discretion and entrust a H-share company to file an application for "full circulation". After the domestically unlisted shares are listed for circulation on the Stock Exchange, they shall not be transferred back to the mainland China. A shareholder of domestically unlisted shares may reduce or increase its holding of the shares involved that are circulating on the Stock Exchange according to relevant business rules. H share companies shall submit a report on the relevant information to the CSRC within 15 days from completion of re-registration of the shares involved in the application to the CSDC.

In accordance with the Notice on Promulgation of the Implementing Rules for "Full Circulation" of H-shares (《關於發佈<H股"全流通"業務實施細則>的通知》) which was promulgated by the CSDC and Shenzhen Stock Exchange on December 31, 2019 and came into effect on the same date, it shall apply to the relevant businesses involved in "full circulation" of H-shares, such as cross-border re-registration, custodian and maintenance of holding details, entrustment of transactions and order routing, settlement, management of clearing participants, services of nominee holders etc. Upon completion of information disclosure by a H-share listed company approved by the CSRC to participate in "full circulation" of H-shares, such company shall register anew its fully tradable H-shares free from pledge, freezing, restriction of transfer and other restrictive status with the Hong Kong share registration authorities to have them become shares that can be listed and circulated on the Stock Exchange. The relevant securities shall be deposited centrally with the CSDC in China. The CSDC, as the nominee of the aforesaid securities, shall handle the business such as the depository and maintenance of holding details as well as cross-border clearing and settlement involved in the "full circulation" of H-shares, and provide services of nominee for investors. H-share listed companies shall obtain the authorization from investors and select a domestic securities company to participate in the "full circulation" of H-shares. Investors submit the trading orders for the "full circulation" of H-shares through a domestic securities company. The domestic securities company shall select a Hong Kong securities company through which investors' trading instructions shall be reported to the Stock Exchange for trading. After transactions are concluded, the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited shall handle cross-border clearing and settlement of relevant shares and funds. The settlement currency of H-share "full circulation" transaction business is Hong Kong dollars. Where an H-share listed company entrusts the CSDC to distribute cash dividends, it shall file an application with the CSDC. The H-share listed company, when distributing cash dividends, may claim the details of the shares held by relevant investors on the equity registration date for cash dividends from the CSDC. If an investor obtains "fully tradable" non-H-shares listed on the Stock Exchange due to the equity distribution or conversion of H-shares under full circulation, the

investor may sell but cannot purchase such securities; if the investor obtains the right to subscribe for shares listed on the Stock Exchange and such right is listed on the Stock Exchange, the investor may sell but shall not exercise such right.

In accordance with the Notice of China Securities Depository and Clearing Co., Ltd Shenzhen Branch on the Release of China Securities Depository and Clearing Co., Ltd Shenzhen Branch H-shares "Full Circulation" Business Guidelines (《中國結算深圳分公司關於發佈<中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南>的通知》) which was promulgated by CSDC Shenzhen Branch on September 20, 2024 and came into effect on September 23, 2024, newly amended in June 2025 and came into effect on June 30, 2025, it specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. And China Securities Depository and Clearing (Hong Kong) Company Limited also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》) to specify the relevant escrow, custody, agent service of China Securities Depository and Clearing (Hong Kong) Company Limited, arrangement for settlement and delivery and other relevant matters.

OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

Laws and Regulations in Relation to New Drug

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the Federal Food, Drug and Cosmetic Act and its implementing regulations, and biologics under the Federal Food, Drug and Cosmetic Act and the Public Health Service Act and their implementing regulations. Both drugs and biologics are also subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters preclinical studies, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. IND-enabling nonclinical safety and toxicology studies are generally required to be conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the preclinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. The FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide

informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board (the "IRB"), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval.

An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap. The FDA does not require a rigid, formal sequence of Phase I, then Phase II, then Phase III in every case. Rather, once an IND is in effect and FDA has not imposed a clinical hold, the sponsor may proceed with the studies set out in the IND, subject to the applicable regulatory requirements and the adequacy of the supporting data for the proposed investigation.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of applicable clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA or a BLA. Unless deferred or waived, NDAs or BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric

subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of an NDA or a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including Phase IV clinical trials, to further assess a product's safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Expedited Development and Review Programs

The FDA has various programs that are intended to expedite or streamline the process for the development and FDA review of drugs that are intended for the treatment of serious or life-threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

Fast Track Designation

To be eligible for a fast-track designation, the FDA must determine, based on the request of a sponsor, that a drug is intended to treat a serious or life-threatening disease or condition for which there is no effective treatment and demonstrates the potential to address an unmet medical need for the disease or condition. Under the fast-track program, the sponsor of a drug candidate may request FDA to designate the product for a specific indication as a fast-track product concurrent with or after the filing of the IND for the drug candidate. The FDA must make a fast-track designation determination within 60 days after receipt of the sponsor's request.

In addition to other benefits, such as the ability to use surrogate endpoints and have more interactions with FDA, FDA may initiate review of sections of a fast-track product's NDA before the application is complete. This rolling review is available if the applicant provides, and FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, FDA's time period goal for reviewing a fast-track application does not begin until the last section of the NDA is submitted. In addition, the fast-track designation may be withdrawn by FDA if FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Orphan Drug Designation

Under The Orphan Drug Act of 1983, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. or for which a manufacturer has no reasonable expectation of recovering drug treatment research and development costs. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstances.

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("IMM"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Therapy Designation

A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

Priority Review

The FDA may give a priority review designation to drugs that offer major advances in treatment or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under the Prescription Drug User Fee Act guidelines. These six- and ten-month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Most products that are eligible for fast-track designation are also likely to be considered appropriate to receive a priority review.

Post-Marketing Requirements

Following the approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy ("REMS"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation, and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA/BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Patent Term Extension

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product clinical development and FDA review of an NDA or a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and NDA/BLA submission, and all of the review phase, which is the time between NDA/BLA submission and approval, minus any applicant delays, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent related to claiming each approved product is eligible for term extension, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for extension within 60 days of approval. The United States Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent term extension. An interim patent term extension increases the patent term by one year and may be renewed up to four times. For each interim patent term extension granted, the post-approval patent term extension is reduced by one year. The director of the United States Patent and Trademark Office must determine that approval of the drug candidate covered by the patent for which a patent term extension is being sought is likely. Interim patent term extensions are not available for a drug candidate for which an NDA or a BLA has not been submitted.

OVERVIEW

We are an ophthalmology-focused biotech company. Leveraging our expertise in small-molecule drug discovery, advanced formulation development and translational research in ophthalmic diseases, we are building a competitive and differentiated product pipeline covering ocular indications affecting the surface and back of the eye with significant unmet clinical needs.

Our history can be traced back to September 2016, when our Company was founded by Dr. Shen, as a limited liability company under the laws of the PRC. For the background and the relevant industry experience of Dr. Shen, see "Directors and Senior Management" in this document.

KEY MILESTONES

The following table sets forth the key milestones of our corporate and business development.

Year	Milestone events
2016	Our Company was established under the name of VivaVision Biotech (Shanghai) Co., Ltd. (維眸生物科技(上海)有限公司).
	We completed the Series Angel Financing and Series A Financing and raised RMB20 million.
2018	We completed the Series B Financing and raised RMB50 million.
2019	We completed the Series C Financing and raised RMB65 million.
2020	We obtained an IND approval from the FDA for VVN001.
2021	We completed the Series D Financing and raised RMB300 million.
	We obtained an IND approval from the NMPA and completed a Phase I clinical trial in China for VVN001.
2022	We completed Phase II clinical trials of VVN001 in the United States and China.
2023	We obtained an IND approval from the NMPA for VVN461 for the treatment of NIAU and an IND approval from the FDA for VVN461 for the treatment of postoperative ocular inflammation.
	We completed the Series D2 Financing and raised RMB125 million.
	We completed a Phase I clinical trial of VVN461 in healthy subjects in China.
2024	We obtained an IND approval from the NMPA and completed a Phase I clinical trial in China for VVN1901.
	We commenced a Phase III clinical trial of VVN001 in China.
	We completed a Phase II clinical trial of VVN461 in the United States in patients undergoing routine unilateral cataract surgery.

Year	Milestone events
2025	We completed a Phase II clinical trial of VVN461 in China in patients with NIAU.
	We received the BTD from the NMPA for VVN461(HD) for the treatment of NIAU.
	We obtained an IND approval of VVN432 from the NMPA for the treatment of CRS and commenced a Phase I clinical trial in China.
	We commenced a Phase II clinical trial of VVN1901.
	We obtained an IND approval from the NMPA for VVN461 for the treatment of SS-DED.
	We commenced a Phase III clinical trial of VVN461(HD) in NIAU patients in China.
	We completed the Series D2+ Financing and raised RMB175 million.

OUR PRINCIPAL SUBSIDIARIES

The following sets forth the information on our subsidiaries that have made material contribution to our operating results during the Track Record Period.

Subsidiaries	Place of incorporation	Date of incorporation	Registered capital/ Issued share capital	Principal activities
VivaVision Shanghai . . .	PRC	July 11, 2023	RMB23,000,000	Research and development of biochemistry product technologies; medical research and experimental development
VivaVision Hong Kong .	Hong Kong	January 16, 2023	1 share	Research and development of biochemistry product technologies; medical research and experimental development

As of the Latest Practicable Date, our other subsidiaries were principally engaged in investment holding. For details, see note 1 to the Accountants' Report in Appendix I to this document.

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1. Establishment of Our Company, Series Angel Financing and Series A Financing

On September 22, 2016, our Company was founded by Dr. Shen as a limited liability company under the laws of the PRC. Dr. Shen subscribed for registered capital of our Company in the amount of RMB5,100,000 in consideration for the transfer of intellectual property rights with an appraised value of approximately RMB5,130,000 to the Company.

In September 2016, (i) Shanghai Benyuan Entrepreneurship Incubator Management Limited (上海本苑創業孵化器管理有限公司) ("Shanghai Benyuan") subscribed for registered capital of our Company in the amount of RMB1,567,000 at the consideration of RMB4,000,000 (the "Series Angel Financing"). The consideration was fully settled in cash on November 16, 2016; and (ii) Hangzhou Qiandai Investment Management Partnership Enterprise (Limited Partnership) (杭州千岱投資管理合夥企業(有限合夥)) ("Hangzhou Qiandai") and Xiamen Changchong No. 1 Investment Partnership Enterprise (Limited Partnership) (廈門長翀壹號投資合夥企業(有限合夥)) ("Changchong No. 1") subscribed for registered capital of our Company in the amount of RMB2,083,000 and RMB1,250,000 at the consideration of RMB10,000,000 and RMB6,000,000, respectively (the "Series A Financing"). The consideration was fully settled in cash on November 22, 2016. See "—Pre-[**REDACTED**] Investments" for further details.

The consideration of both Series Angel Financing and Series A Financing was determined based on arm's-length negotiation amongst parties after taking into consideration of the research and development status and prospects of our pipeline products including the early-stage development of VVN001 as one of our Core Products and the founding scientific platform of our Company.

The shareholding structure of our Company upon completion of Series Angel Financing and Series A Financing was as follows:

Shareholder	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Dr. Shen	5,100,000	51.00
Hangzhou Qiandai	2,083,000	20.83
Shanghai Benyuan[(1)]	1,567,000	15.67
Changchong No. 1	1,250,000	12.50
Total	**10,000,000**	**100.00**

Note:

(1) In December 2017, Shanghai Benyuan transferred registered capital of our Company in the amount of RMB1,567,000 to Viva Biotech (Shanghai) Ltd. (維亞生物科技(上海)有限公司) ("Viva Biotech") at nil consideration as its intra-group transaction. In January 2021, April 2023 and September 2023, Viva Biotech transferred registered capital of our Company in the amount of RMB395,238, RMB31,583 and RMB983,179 to Magic Honor Holdings Limited ("Magic Honor"), Hangzhou Morning Spring Feihong Venture Capital Partnership Enterprise (Limited Partnership) (杭州曉池飛鴻創業投資合夥企業(有限合夥)) ("Hangzhou Morning Spring Venture") and Weixuchen (Shanghai) Entrepreneurship Incubator Limited (維旭晨(上海)創業孵化器有限公司) ("Weixuchen") at the consideration of RMB10,000,000, RMB2,000,000 and RMB40,579,000, respectively. Such capital transfers were conducted based on arm's-length negotiation between the Shareholders and did not involve any increase of registered capital by our Company.

2. Series B Financing

In July 2018, Beijing Longpan Health Medical Investment Center (L.P.) (北京龍磐健康醫療投資中心(有限合夥)) ("Longpan Health") subscribed for registered capital in our Company in the amount of RMB3,333,333 at the consideration of RMB50,000,000 (the "Series B Financing"). The consideration of Series B Financing was determined based on arm's-length negotiation amongst parties after taking into consideration of the research and development status and prospects of our pipeline products including the continued advancement of VVN001 and the establishment of our core scientific and operational capabilities, which was fully settled in cash on September 10, 2019. See "—Pre-[**REDACTED**] Investments" for further details. Following the completion of Series B Financing, the registered capital of our Company increased from RMB10,000,000 to RMB13,333,333.

3. Establishment of Employee Ownership Platform in 2019

In August 2019, Huzhou Xiulai was established under the laws of the PRC to serve as our Employee Ownership Platform. In August 2019, as a contribution to the pool of awards for our Employee Incentive Scheme, Dr. Shen, Viva Biotech, Hangzhou Qiandai and Changchong No. 1 transferred registered capital in our Company in the amount of RMB510,000, RMB157,000, RMB208,000 and RMB125,000 to Huzhou Xiulai at nil consideration, respectively. Further, in September 2019, Huzhou Xiulai subscribed for registered capital of our Company in the amount of RMB500,000 at the consideration of RMB500,000. Upon completion of such subscription, the registered capital of our Company increased from RMB13,333,333 to RMB13,833,333.

4. Series C Financing

In November 2019, we completed the series C financing (the "Series C Financing") through capital increases as detailed below. See "—Pre-[**REDACTED**] Investments" for further details. Following the completion of Series C Financing, the registered capital of our Company increased from RMB13,833,333 to RMB16,477,941.

The consideration of Series C Financing was determined based on arm's-length negotiation amongst parties after taking into consideration of the research and development status and prospects of our pipeline products including the continued advancement of VVN001 towards regulatory readiness.

Subscriber	Registered capital subscribed for	Consideration	Date of full settlement of consideration in cash
	(RMB)	*(RMB)*	
Shanghai Weiqiandai Asset Management Partnership Enterprise (Limited Partnership) (上海維千岱資產管理合夥企業(有限合夥)) ("Shanghai Weiqiandai") . . .	406,863	10,000,000	September 11, 2019
Suzhou Juming ZhongHong Fangren Venture Capital Partnership (L.P.) (蘇州聚明中泓方仁創業投資合夥企業(有限合夥)) ("Suzhou Juming")	406,863	10,000,000	September 18, 2019
Hangzhou Beixin Venture Capital Partnership Enterprise (Limited Partnership) (杭州貝欣創業投資合夥企業(有限合夥)) ("Hangzhou Beixin")	610,294	15,000,000	September 20, 2019
Jingjiang Yingqi Investment Center (Limited Partnership) (靖江贏騏投資中心(有限合夥)) ("Jingjiang Yingqi") . . .	610,294	15,000,000	September 24, 2019
CR Biotech XI L.P. ("CR Biotech")	406,863	10,000,000	December 27, 2019
DH International Capital Partners Limited (東翰國際資本管理有限公司) ("DH International")[(1)].	203,431	5,000,000	February 18, 2020

Subscriber	Registered capital subscribed for	Consideration	Date of full settlement of consideration in cash
	(RMB)	*(RMB)*	
Total	**2,644,608**	**65,000,000**	

Note:

(1) In February 2022, DH International transferred registered capital of our Company in the amount of RMB203,431 to Shenzhen Huawei Health Industry Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (深圳市華維健康產業創業投資合夥企業(有限合夥)) ("Shenzhen Huawei") at the consideration of RMB9,876,200. Such capital transfer was conducted based on arm's-length negotiation between the Shareholders and did not involve any increase of registered capital by our Company.

5. Series D Financing

In March 2021, we completed the series D financing (the "Series D Financing") through capital increases as detailed below. The consideration of Series D Financing was determined based on arm's-length negotiation amongst parties after taking into consideration of the research and development status and prospects of our pipeline products, including (a) our obtaining an IND approval from the FDA for VVN001 in 2020, and (b) our obtaining an IND approval from the NMPA for VVN001 in 2021. See "—Pre-[**REDACTED**] Investments" for further details. Our Employee Ownership Platform, Huzhou Xiulai, also subscribed for registered capital of our Company in the amount of RMB1,029,871 to expand the grant pool under the Employee Incentive Scheme. Following the capital increases in the Series D Financing and Huzhou Xiulai's subscription, the registered capital of our Company increased from RMB16,477,941 to RMB23,687,042.

Subscriber	Registered capital subscribed for	Consideration	Date of full settlement of consideration in cash
	(RMB)	*(RMB)*	
HSG Venture VIII Holdco K, Ltd. ("HSG Venture")	2,059,743	100,000,000	April 13, 2021
WELL ASPIRATIONS LIMITED ("WELL ASPIRATIONS")	463,442	22,500,000	April 28, 2021
Suzhou Cenova Zekang Investment Center (Limited Partnership) (蘇州千驥澤康投資中心(有限合夥)) ("Suzhou Cenova")	252,590	12,263,178	April 12, 2021
Shanghai Cenova Kangze Investment Center (Limited Partnership) (上海千驥康澤投資中心(有限合夥)) ("Shanghai Cenova")	210,852	10,236,822	April 12, 2021
Yantai GTJA Huike Venture Capital Partnership Enterprise (Limited Partnership) (煙台高特佳匯科創業投資合夥企業(有限合夥)) ("GTJA Huike")	469,621	22,800,000	April 14, 2021

Subscriber	Registered capital subscribed for	Consideration	Date of full settlement of consideration in cash
	(RMB)	*(RMB)*	
Huzhou Weiyuan Enterprise Management Partnership (Limited Partnership) (湖州維遠企業管理合夥企業(有限合夥)) ("Huzhou Weiyuan")	251,289	12,200,000	April 13, 2021
Shanghai Zhangjiang Torch Venture Investment Co., Ltd. (上海張江火炬創業投資有限公司) ("Zhangjiang Torch")	411,949	20,000,000	May 8, 2021
Ningbo CFS Venture Capital Partnership Enterprise (Limited Partnership) (寧波金策創業投資合夥企業(有限合夥)) ("Ningbo CFS")	411,949	20,000,000	August 9, 2021
Shanghai Daidai Investment Consulting Co., Ltd. (上海岱岱投資諮詢有限公司) ("Shanghai Daidai")[1]	411,949	20,000,000	June 25, 2021
FENGHE VVB PTE. LTD. ("FENGHE")	411,949	20,000,000	April 28, 2021
Xiamen Changrong Xuanhe Equity Investment Partnership Enterprise (Limited Partnership) (廈門長融烜赫股權投資合夥企業(有限合夥)) ("Changrong Xuanhe")	411,949	20,000,000	April 8, 2021
Hangzhou Beiyi Equity Investment Fund Partnership Enterprise (Limited Partnership) (杭州貝奕股權投資基金合夥企業(有限合夥)) ("Hangzhou Beiyi")	205,974	10,000,000	April 16, 2021
Tibet Ruihai Enterprise Management Center (L.P.) (西藏瑞海企業管理中心(有限合夥)) ("Tibet Ruihai")[2]	205,974	10,000,000	April 12, 2021
Total	**6,179,230**	**300,000,000**	

Notes:

(1) In February 2022, Shanghai Daidai transferred registered capital of our Company in the amount of RMB411,949 to VVBI One Limited ("VVBI") at the consideration of RMB20,000,000. Such capital transfer was conducted based on arm's-length negotiation between the Shareholders and did not involve any increase of registered capital by our Company.

(2) In November 2022, Tibet Ruihai transferred registered capital of our Company in the amount of RMB205,974 to Yueshang (Jiaxing) Equity Investment Partnership (Limited Partnership) (越商(嘉興)股權投資合夥企業(有限合夥)) ("Yueshang Jiaxing") at the consideration of RMB10,000,000. Such capital transfer was conducted based on arm's-length negotiation between the Shareholders and did not involve any increase of registered capital by our Company.

6. Series D2 Financing

In April 2023, we completed the series D2 financing (the "Series D2 Financing") through capital increases as detailed below. The consideration of Series D2 Financing was determined based on arm's-length negotiation amongst parties after taking into consideration of the research and development status and prospects of our pipeline products, including the successful completion of Phase II clinical trials of VVN001 in both the United States and China in 2022. See "—Pre-[**REDACTED**] Investments" for further details. Our Employee Ownership Platform, Huzhou Xiulai, also subscribed for registered capital of our Company in the amount of RMB400,000 at the consideration of RMB400,000 to further expand the pool of awards under the Employee Incentive Scheme. Following the completion of the capital increases in the Series D2 Financing and Huzhou Xiulai's subscription, the registered capital of our Company increased from RMB23,687,042 to RMB26,060,962.

Subscriber	Registered capital subscribed for	Consideration	Date of full settlement of consideration in cash
	(RMB)	*(RMB)*	
Yangzhou Shengze Equity Investment Partnership Enterprise (Limited Partnership) (揚州笙澤股權投資合夥企業(有限合夥)) ("Yangzhou Shengze")	631,654	40,000,000	November 25, 2022
Jiaxing Shengmou Equity Investment Partnership (Limited Partnership) (嘉興盛眸股權投資合夥企業(有限合夥)) ("Jiaxing Shengmou")	236,870	15,000,000	January 6, 2023
Wenzhou V-Capital Medical and Health Industry Investment Partnership Enterprise (Limited Partnership) (溫州一村醫療健康產業投資合夥企業(有限合夥)) ("Wenzhou V-Capital")	947,482	60,000,000	May 4, 2023
Six Harmonies Limited ("Six Harmonies")[(1)]	157,914	10,000,000	December 31, 2024
Total	**1,973,920**	**125,000,000**	

Note:

(1) In May 2025, Six Harmonies transferred registered capital of our Company in the amount of RMB157,914 to Wenzhou Renze Zhenhe Equity Investment Partnership Enterprise (Limited Partnership) (溫州仁澤真和股權投資合夥企業(有限合夥)) ("Renze Zhenhe") at the consideration of RMB10,000,000. Such capital transfer was conducted based on arm's-length negotiation between the Shareholders and did not involve any increase of registered capital by our Company.

7. Series D2+ Financing

Between May 2025 and December 2025, we completed the series D2+ financing (the "Series D2+ Financing") through capital increases as detailed below. The consideration of Series D2+ Financing was determined based on arm's-length negotiation amongst parties after taking into

consideration of the research and development status and prospects of our pipeline products, including (a) the commencement of a Phase III clinical trial of VVN001 in China in 2024, (b) the completion of a Phase II clinical trial of VVN461 in the United States in patients undergoing routine unilateral cataract surgery in 2024, and (c) the completion of a Phase II clinical trial of VVN461 in China in patients with NIAU in 2025. See "—Pre-[**REDACTED**] Investments" for further details. Following the completion of the capital increases in the Series D2+ Financing, the registered capital of our Company increased from RMB26,060,962 to RMB28,824,452.

Subscriber	Registered capital subscribed for	Consideration	Date of full settlement of consideration in cash
	(RMB)	*(RMB)*	
Renze Zhenhe	78,957	5,000,000	February 11, 2025
The Innovation and Technology Venture Fund Corporation ("ITVFC")	157,914	10,000,000	June 9, 2025
Wenzhou Ouhai Xiangtou V-Capital Equity Investment Partnership Enterprise (Limited Partnership) (溫州甌海湘投一村股權投資合夥企業(有限合夥)) ("Ouhai Xiangtou V-Capital")	947,482	60,000,000	June 26, 2025
Zhejiang Yueke Xingwen Innovation and Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (浙江粵科興溫創新創業投資合夥企業(有限合夥)) ("Yueke Xingwen")	473,741	30,000,000	July 17, 2025
Tibet Longpan SME Development Fund Equity Investment Partnership (Limited Partnership) (西藏龍磐中小企業發展基金股權投資合夥企業(有限合夥)) ("Tibet Longpan")	473,741	30,000,000	July 15, 2025
Guangzhou Kechuang Zhihui No. 4 Venture Capital Partnership (Limited Partnership) (廣州科創智匯四號創業投資合夥企業(有限合夥)) ("Guangzhou Kechuang Zhihui")	473,741	30,000,000	November 25, 2025
Wenzhou Gongchuang Runmou Enterprise Management Consulting Partnership (Limited Partnership) (溫州市工創潤眸企業管理諮詢合夥企業(有限合夥)) ("Wenzhou Gongchuang Runmou")	157,914	10,000,000	November 27, 2025
Total	**2,763,490**	**175,000,000**	

8. Issuance of Convertible Bond in December 2025

On December 18, 2025, our Company and Wanlian Guangsheng Investment Co., Ltd. (萬聯廣生投資有限公司) ("Wanlian Guangsheng") entered into a convertible bond investment agreement (the "CB Investment Agreement"), pursuant to which our Company agreed to issue and Wanlian Guangsheng agreed to subscribe for a convertible bond in the principal amount of RMB7.0 million (the "Convertible Bond"). The consideration for the issuance of the Convertible Bond has been irrevocably received by our Company on January 23, 2026.

The terms of the Convertible Bond were arrived at arm's-length negotiation between our Company and Wanlian Guangsheng. A summary of the principal terms and conditions of the Convertible Bond are set out below:

Name of Convertible Bond Subscriber	Wanlian Guangsheng
Principal amount of the Convertible Bond	RMB7,000,000
Issuance date of the Convertible Bond	December 18, 2025
Maturity date of the Convertible Bond (the "Maturity Date")	September 30, 2026
Interest rate	5% per annum
Basis of consideration	The consideration represents 100% of the principal amount of the Convertible Bond.
Conversion right	The Company shall have the right to convert the principal amount of the Convertible Bond into such number of Shares ("Conversion Shares") at any time before the Maturity Date, provided that (i) the Shareholders have approved the Conversion, and (ii) no events, conditions or changes have occurred or are reasonably expected to occur that would have a material adverse effect on the Company or the Conversion (the "Conversion Conditions").
Determination of the number of Conversion Shares	The number of Conversion Shares to be issued by our Company to Wanlian Guangsheng shall be equal to the quotient of (i) the principal amount of the Convertible Bond divided by (ii) the conversion price of RMB63.3258 (the "Conversion Price"). The Conversion Price represents a discount of approximately [**REDACTED**]% to the mid-point of the indicative [**REDACTED**].(1)

Redemption right	In the event that the Conversion Conditions have not been satisfied or waived as of the Maturity Date, Wanlian Guangsheng is entitled to redeem the principal amount plus any accrued and unpaid interest calculated at 5% per annum on the principal or to extend the Maturity Date until the satisfaction or waiver of the Conversion Conditions.
Use of proceeds of and strategic benefit from the issuance of the Convertible Bond	As of the Latest Practicable Date, no proceeds from the issuance of the Convertible Bonds had been used, and the Company does not have a specific timeline in relation to the exercise of its conversion right. Prior to any conversion of the Convertible Bond, the Company does not intend to utilize such proceeds. In the event that the Convertible Bond is converted into the Conversion Shares, the Company intends to utilize the net proceeds towards the research and development of its pipeline products. We are of the view that our Company can benefit from the issuance of Convertible Bond by receiving additional general working capital, and the investment from Wanlian Guangsheng demonstrates its confidence in our Group and serves as an endorsement of our performance, strengths and prospects.
Effective shareholding assuming the Convertible Bond has been fully converted into Shares at the Conversion Price before Listing	0.38% of the total issued Shares
Lock-up period	The terms under the CB Investment Agreement did not impose any lock-up obligation over the Conversion Shares.
Special Rights of the Convertible Bond	The terms under the CB Investment Agreement did not grant any special right to Wanlian Guangsheng.

Note:

(1) The discount to the [**REDACTED**] is calculated based on an adjusted Conversion Price taking into account the share subdivision completed upon the conversion of the Company into a joint stock company and the exchange rate as set out in this document.

9. Conversion into a Joint Stock Company in January 2026

On January 30, 2026, our Company was converted from a limited liability company into a joint stock company with limited liability. Based on the audited net assets of the Group as of November 30, 2025, our Company converted all Shares of the limited liability company into the Shares of the joint stock company. Upon completion of such conversion, the registered capital of our Company was RMB28,824,452 divided into 288,244,520 Shares with nominal value of RMB0.1 each, which was subscribed by all our then Shareholders in proportion to their respective interests in our Company before conversion.

10. Share Transfer in January 2026

In January 2026, Huzhou Xiulai transferred the registered capital of our Company in the amount of RMB273,684 to Wanlian Guangsheng at the consideration of RMB12,999,990. Such capital transfer was conducted based on arm's-length negotiation between the Shareholders and did not involve any increase of registered capital by our Company.

11. PRC Legal Advisers' Confirmation

As advised by our PRC Legal Advisers, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the transfers, capital increases and issuances of Shares set out above in all material respects, and such transfers, capital increases and issuances of Shares were conducted in compliance with the applicable PRC laws and regulations in all material respects.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We have not conducted any acquisitions, disposals or mergers that we consider to be material to us during the Track Record Period and up to the Latest Practicable Date.

PRE-[REDACTED] INVESTMENTS

Overview

Our Company obtained several rounds of investments, including Series Angel Financing, Series A Financing, Series B Financing, Series C Financing, Series D Financing, Series D2 Financing and Series D2+ Financing, from the Pre-[**REDACTED**] Investors through subscriptions for increased registered capital of our Company, equity transfers and subscription for the Convertible Bond. See "—Establishment and Major Shareholding Changes of Our Company" for details.

Principal Terms of the Pre-[REDACTED] Investments

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments[1]:

	Series Angel Financing	Series A Financing	Series B Financing	Series C Financing	Series D Financing	Series D2 Financing	Series D2+ Financing
Date of agreements	June 30, 2016	June 30, 2016	June 23, 2018	August 30, 2019	February 8, 2021	March 22, 2023	November 29, 2024, June 25, 2025 and November 14, 2025
Date of full settlement of consideration[2]	November 16, 2016	November 22, 2016	September 10, 2019	February 18, 2020	August 9, 2021	December 31, 2024	November 27, 2025
Amount of registered capital subscribed for	RMB1,567,000	RMB3,333,000	RMB3,333,333	RMB2,644,608	RMB6,179,230	RMB1,973,920	RMB2,763,490
Consideration received by the Group	RMB4,000,000	RMB16,000,000	RMB50,000,000	RMB65,000,000	RMB300,000,000	RMB125,000,000	RMB175,000,000
Approximate post-money valuation of our Company[3]	RMB17,021,274	RMB48,000,002	RMB200,000,000	RMB405,000,065	RMB1,149,999,895	RMB1,650,330,292	RMB1,825,330,368
Cost per Share[4]	RMB0.26	RMB0.48	RMB1.50	RMB2.46	RMB4.85	RMB6.33	RMB6.33
Basis of consideration	The consideration for the Pre-[**REDACTED**] Investments which involved increase of our registered capital and in which the Company was a party was determined based on arm's-length negotiation between our Company and the relevant Pre-[**REDACTED**] Investors, after taking into consideration the timing of the investments, the development of our pipeline products and our business prospects. To the best knowledge of our Company, for the Pre-[**REDACTED**] Investments which only involved the transfers of existing registered capital to the Pre-[**REDACTED**] Investors, the consideration was determined among the then Shareholders and the relevant Pre-[**REDACTED**] Investors upon their respective arm's-length negotiation.						
Discount to the [REDACTED][5]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Lock-up period	All existing Shareholders (including the Pre-[**REDACTED**] Investors) are subject to a lock-up period of 12 months following the Listing Date according to the applicable PRC law.						
Use of proceeds	The gross proceeds received by our Company from the Pre-[**REDACTED**] Investments involving increase of our registered capital amounted to RMB735 million, of which approximately 84.22% of such funds raised had been utilized as of the Latest Practicable Date. Such proceeds had been primarily utilized for the development and operation of the principal business of our Group, including but not limited to research and development of our pipeline products and our working capital. We expect to fully utilize the remaining proceeds by March 2027 and we will continue to utilize such proceeds for our operations and further development of our Group's principal business as a supplement to the intended uses of [**REDACTED**] from the [**REDACTED**]. No proceeds were received by our Company from the Pre-[**REDACTED**] Investments that involved transfers of existing registered capital between our then Shareholders and the relevant Pre-[**REDACTED**] Investors.						
Strategic benefits	Our Directors were of the view that (i) our Group would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors for our research and development and daily operations; (ii) our Group could benefit from the Pre-[**REDACTED**] Investors' knowledge and experience and take advantage of their industry resources and networks, while at the same time broaden our shareholder base; (iii) Pre-[**REDACTED**] Investors' investment demonstrated their confidence in our Group and served as an endorsement of our performance, strengths and prospects.						

Notes:

(1) The Pre-[**REDACTED**] Investments consist of both (i) subscription of additional registered capital of the Company by the Pre-[**REDACTED**] Investors, for which the Company was a party to such Pre-[**REDACTED**] Investments and received proceeds from such Pre-[**REDACTED**] Investors, the details of which are set out in this table; (ii) transfer of existing registered capital or Shares to the Pre-[**REDACTED**] Investors, for which the Company was not a party to such Pre-[**REDACTED**] Investments and received no proceeds from such Pre-[**REDACTED**] Investors, the details of which are set out in the paragraphs headed "—1. Establishment of Our Company, Series Angel Financing and Series A Financing," "—4. Series C Financing," "—5. Series D Financing," "—6. Series D2 Financing," and "—10. Share Transfer in January 2026" above; and (iii) issuance of the Convertible Bond by the Company to Wanlian Guangsheng, the details of which are set out in the paragraph headed "—8. Issuance of Convertible Bond in December 2025" above.

(2) This refers to the timing of last payment made by the relevant Pre-[**REDACTED**] Investor(s) in the relevant series of Pre-[**REDACTED**] Investments.

(3) The post-money valuation refers to the cost per additional registered capital paid to our Company in the corresponding series of Pre-[**REDACTED**] Investment, multiplied by the amount of registered capital of our Company immediately after the completion of the corresponding series of Pre-[**REDACTED**] Investment. The increase in the valuation of the Company from Series Angel Financing to Series D2+ Financing was primarily attributable to the significant and progressive advancement of the Company's pipeline and clinical milestones at the respective round of Pre-[**REDACTED**] financing, reflecting the value created at each stage of the Company's development as evidenced by the clinical progress and regulatory achievements accomplished in the period leading up to each round of Pre-[**REDACTED**] financing. As of the Latest Practicable Date, the market capitalization of the Company upon completion of the [**REDACTED**] is expected to be approximately [**REDACTED**] (based on the [**REDACTED**] of [**REDACTED**], assuming the [**REDACTED**] is not exercised). The increase in the valuation of the Company upon Listing since Series D2+ Financing was primarily due to significant research and development progress achieved in our pipeline products, including the advancement of VVN461(HD) into Phase III clinical trials and the commencement of clinical trials for VVN432, and the obtaining of an IND approval from the NMPA for VVN461 for the treatment of SS-DED in 2025. The increase in valuation upon the completion of the [**REDACTED**] has also taken into account the potential business development of our Company, the increased liquidity of the Shares subsequent to the Listing, and the current market conditions.

(4) The cost per Share of each series of Pre-[**REDACTED**] Investment is calculated by dividing the total amount of consideration by the amount of increased registered capital subscribed by the relevant Pre-[**REDACTED**] Investors in the corresponding series of Pre-[**REDACTED**] Investment.

(5) The discount to the [**REDACTED**] is calculated based on the exchange rate as set out in this document and assuming the [**REDACTED**] is [**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]).

Special Rights of the Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors had been granted with customary special rights, including, among others, redemption right, priority at liquidation, director nomination right, anti-dilution right, pre-emptive subscription rights, right of first refusal, tag-along right and drag-along right. Pursuant to a termination agreement entered into between our Company and the Shareholders (including the Pre-[**REDACTED**] Investors) dated February 10, 2026, (1) the redemption right, priority at liquidation and director nomination right had been automatically and irrevocably terminated from the day before the submission of the application for the Listing to the Stock Exchange, provided however that, such special rights shall be automatically restored upon the occurrence of the following events (whichever is the earliest): (i) the Listing is not completed within 18 months from the date of first submission of the Listing application; (ii) the Listing application is withdrawn voluntarily by the Company; or (iii) the Listing application is rejected by the Stock Exchange or other securities regulatory authorities, and (2) all other special rights under the Pre-[**REDACTED**] Investments shall be automatically and irrevocably terminated upon the Listing.

Sole Sponsor's Confirmation

On the basis that (i) the considerations for the Pre-[**REDACTED**] Investments were settled more than 28 clear days before the date of our first submission of the listing application to the Stock Exchange or no less than 120 clear days before the Listing Date (as the case may be); and (ii) the redemption right, priority at liquidation and director nomination right had been terminated from the day before the first submission of the application for the Listing to the Stock Exchange and all other special rights of the Pre-[**REDACTED**] Investors will not exist after the Listing, the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information About Our Pre-[REDACTED] Investors

Among our Pre-[**REDACTED**] Investors, Longpan Investment is a Sophisticated Investor who has made meaningful investment in our Company in accordance with Chapter 2.3 of the Guide. We became acquainted with each of the Pre-[**REDACTED**] Investors through our network and reputation in the ophthalmic and biotech industry in the PRC.

To the best knowledge of the Directors, save for VVBI, Shanghai Weiqiandai and Huzhou Weiyuan disclosed below, each of the Pre-[**REDACTED**] Investors and their respective ultimate beneficial owners is an Independent Third Party and has no present or past shareholding relationship with the Company or its connected persons.

The background information of our Pre-[**REDACTED**] Investors who remained as our Shareholders as of the Latest Practicable Date is set out below.

Longpan Health and Tibet Longpan ("Longpan Entities")

Longpan Health is a limited partnership established under the laws of the PRC, which is principally engaged in medical and health industry investment. Longpan Health is owned as to (i) approximately 1.07% by Tibet Longpan Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)) ("Longpan Yijing") as the general partner; and (ii) approximately 98.93% by its 23 limited partners, none of which holds more than 30% partnership interest therein. Longpan Yijing is held as to (i) approximately 0.46% by Beijing Longpan Investment Management Consulting Centre (G.P.) (北京龍磐投資管理諮詢中心(普通合夥)) ("Beijing Longpan") as its general partner, which is ultimately controlled by Mr. Yu Zhihua (余治華) ("Mr. Yu"); (ii) approximately 53.60% by Xiamen C&D Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司) as its limited partner, which is ultimately

controlled by State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會); (iii) approximately 27.02% by Mr. Yu as its limited partner; and (iv) approximately 18.92% by two other limited partners.

Tibet Longpan is a limited partnership established under the laws of the PRC, which is principally engaged in medical and health industry investment. Tibet Longpan is owned as to (i) approximately 1.01% by Tibet Ruihan Enterprise Management Consulting Center (Limited Partnership) (西藏瑞瀚企業管理諮詢中心(有限合夥)) as its general partner, which is held as to approximately 76.47% by Mr. Yu as its general partner; and (ii) approximately 98.99% by its 26 limited partners, none of which holds more than 30% partnership interest therein.

Both Longpan Health and Tibet Longpan are registered funds under the relevant PRC law focusing on private equity and venture capital in the medical and health field. Longpan Health and Tibet Longpan are investment arms of Longpan Investment (龍磐投資) ("Longpan Investment"), which is ultimately controlled by Mr. Yu and is a leading healthcare-focused venture capital fund in the PRC with approximately 15 years of investment experience in the medical and healthcare sector. As of the Latest Practicable Date, Longpan Investment had approximately RMB10 billion assets under management. Longpan Investment's investment portfolio includes, among others, a number of biopharmaceutical and medical technology companies, such as (i) RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司), a company listed on the Stock Exchange (stock code: 9995) and Shenzhen Stock Exchange (stock code: 688331); (ii) Jiangsu Yahong Meditech Co., Ltd. (江蘇亞虹醫藥科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688176); (iii) Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300558); and (iv) Eyebright Medical Technology (Beijing) Co., Ltd. (愛博諾德(北京)醫療科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688050).

HSG Venture

HSG Venture is a limited liability company established under the laws of Cayman Islands, whose primary purpose is to make equity investments in private companies. It is wholly owned by HongShan Capital Venture Fund VIII, L.P., whose general partner is HSG Venture VIII Management, L.P. The general partner of HSG Venture VIII Management, L.P. is HSG Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited whose sole shareholder is Neil Nanpeng Shen.

Hangzhou Qiandai

Hangzhou Qiandai is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Hangzhou Qiandai is owned as to (i) approximately 2.00% by Beijing QianDaiDai Investment Management Ltd. (北京千岱岱投資管理有限公司) as its general partner, which is wholly owned by Sun Kebei (孫克蓓); and (ii) approximately 98.00% by Sun Kebei as its limited partner.

Ouhai Xiangtou V-Capital and Wenzhou V-Capital

Ouhai Xiangtou V-Capital is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Ouhai Xiangtou V-Capital is owned as to (i) approximately 0.50% by Hunan Energy Group Xiangtou Private Equity Fund Management Co., Ltd. (湖南能源集團湘投私募基金管理有限公司) ("Hunan Energy Group Xiangtou") as its general partner; (ii) approximately 0.50% by Shanghai V-Capital Private Fund Management Co., Ltd. (上海一村私募基金管理有限公司) ("Shanghai V-Capital") as the other general partner; (iii) approximately 49.00% by Wenzhou Ouhai Technology Investment Co., Ltd. (溫州市甌海科技投資有限公司) as its limited partner, which is ultimately controlled by the State-owned Assets Administration Office of the People's Government of Ouhai District, Wenzhou Municipality (溫州

市甌海區國有資產管理辦公室); (iv) approximately 35.00% by Hunan Xiangtou Industrial Investment Fund Partnership Enterprise (Limited Partnership) (湖南湘投產業投資基金合夥企業(有限合夥)) ("Hunan Xiangtou Investment") as its limited partner; and (v) approximately 15.00% by Wuxi V-Capital Juncheng Investment Partnership Enterprise (Limited Partnership) (無錫一村雋澄投資合夥企業(有限合夥)) ("Wuxi V-Capital") as its limited partner. Hunan Xiangtou Investment is owned as to (i) approximately 0.50% by Hunan Energy Group Xiangtou as its general partner, which is wholly owned by Hunan Energy Group Co., Ltd. (湖南能源集團有限公司) ("Hunan Energy"), which is in turn held as to approximately 92.25% by the State-owned Assets Supervision and Administration Commission of People's Government of Hunan Municipality (湖南省人民政府國有資產監督管理委員會); and (ii) approximately 99.50% by Hunan Energy as its limited partner. Shanghai V-Capital is held as to approximately 99.00% by V-Capital Co., Ltd (一村資本有限公司) ("V-Capital"). V-Capital is held as to (i) approximately 41.92% by Wuxi Guolian Industry Investment Private Fund Management Co., Ltd (無錫國聯產業投資私募基金管理有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of People's Government of Wuxi City (無錫市人民政府國有資產監督管理委員會); and (ii) approximately 40.92% by Jiangsu Huaxicun Co., Ltd (江蘇華西村股份有限公司), which is ultimately controlled by State-owned Assets Supervision and Administration Office of the People's Government of Jiangyin City (江陰市人民政府國有資產監督管理辦公室).

Wenzhou V-Capital is a limited partnership established under the laws of the PRC, which is principally engaged in medical and health industry investment. Wenzhou V-Capital is owned as to (i) approximately 20.00% by Shanghai V-Capital as its general partner; (ii) approximately 1.00% by V-Capital as the other general partner; (iii) approximately 30.00% by Wuxi Junzhe Investment Partnership Enterprise (Limited Partnership) (無錫雋哲投資合夥企業(有限合夥)) as its limited partner, which is ultimately controlled by Guangdong Private Investment Co., Ltd. (廣東民營投資股份有限公司) holding approximately 49.48% equity interest therein. None of the shareholders of Guangdong Private Investment Co., Ltd. holds more than 30% equity interest therein; and (iv) approximately 49.00% by two other limited partners, none of which holds more than 30% partnership interest therein.

Hunan Energy Group Xiangtou is a leading PRC state-owned enterprise and private equity firm with approximately 10 years of investment experience, focused on the development of emerging companies in the technology and biomedical sectors in the PRC. As of the Latest Practicable Date, Hunan Energy Group Xiangtou had over RMB20 billion assets under management.

V-Capital is a leading venture capital and private equity firm with approximately 10 years of investment experience in the medical and healthcare sectors. As of the Latest Practicable Date, V-Capital had approximately RMB32 billion assets under management. V-Capital's investment portfolio includes (i) Jiangsu Yahong Meditech Co., Ltd. (江蘇亞虹醫藥科技股份有限公司), a company listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688176); (ii) Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (深圳邁瑞生物醫療電子股份有限公司), a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300760); and (iii) PegBio Co., Ltd. (派格生物醫藥(杭州)股份有限公司), a company listed on the Stock Exchange (stock code: 02565)

Changchong No. 1

Changchong No. 1 is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Changchong No. 1 is owned as to (i) approximately 1.96% by Xiamen Changchong Investment Co., Ltd. (廈門長翀投資有限公司) ("Xiamen Changchong") as its general partner; and (ii) approximately 98.04% by its six limited partners, none of which holds more than 30% partnership interest therein. Xiamen Changchong is wholly owned by Xiamen Bingteng Trading Co., Ltd. (廈門冰騰貿易有限公司), which is held as to (i) approximately 90% by Lin Wei (林蔚); and (ii) approximately 10% by Li Hong (李宏).

Weixuchen

Weixuchen is a limited liability company established under the laws of the PRC. Weixuchen is wholly owned by Viva Biotech Limited (維亞生物科技有限公司), which is in turn wholly owned by Viva Biotech Holdings (維亞生物科技控股集團), a company listed on the Stock Exchange (stock code: 01873).

WELL ASPIRATIONS, Suzhou Cenova and Shanghai Cenova ("Cenova Entities")

WELL ASPIRATIONS is a limited liability company established under the laws of the British Virgin Islands. It is wholly owned by Cenova China Healthcare Fund IV, L.P., an exempted limited partnership registered in the Cayman Islands. The general partner of Cenova China Healthcare Fund IV, L.P. is Cenova China Healthcare GP IV Limited, which is owned as to approximately 85.00% by Wu Jun.

Suzhou Cenova is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Suzhou Cenova is owned as to (i) approximately 1.00% by Shanghai Jikang Enterprise Management Consulting Partnership (Limited Partnership) (上海驥康企業管理諮詢合夥企業(有限合夥)) ("Shanghai Jikang") as its general partner, which is held as to 85.00% by ALTAIR INVESTMENT LIMITED as its general partner, which is ultimately controlled by Wu Jun; and (ii) approximately 99.00% by eight limited partners, none of which holds more than 30% partnership interest therein.

Shanghai Cenova is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Shanghai Cenova is owned as to (i) approximately 1.00% by Shanghai Jikang as its general partner; (ii) approximately 62.91% by Shanghai Shuangchuang Baoli Medical and Health Investment Center (Limited Partnership) (上海雙創寶勵醫健投資中心(有限合夥)) as its limited partner, which is ultimately controlled by Zhang Saimei (張賽美); and (iii) approximately 36.09% by three other limited partners, none of which holds more than 30% partnership interest therein.

Cenova Entities is one of the earliest professional funds in the PRC dedicated to investments in the healthcare and life sciences sector. Committed to fostering the growth of Chinese healthcare enterprises, Cenova Entities has invested in more than 100 companies across the healthcare and life sciences sector. As of the Latest Practicable Date, the aggregate assets under management of Cenova Entities amounted to approximately RMB7 billion. The portfolio companies of Cenova Entities in the biopharmaceutical sector include, among others: (i) ADICON Holdings Limited, a company listed on the Stock Exchange (stock code: 09860); and (ii) Shanghai Aohua Photoelectricity Endoscope Co., Ltd. (上海澳華內鏡股份有限公司), a company listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688212).

Changrong Xuanhe and CR Biotech ("CR Entities")

Changrong Xuanhe is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Changrong Xuanhe is owned as to (i) approximately 12.30% by Xiamen Changrong Investment Management Co., Ltd. (廈門長融投資管理有限公司) as its general partner, which is owned by Sun Lin (孫林) as to 38%, with no other shareholder holding more than 30% equity interest therein; (ii) approximately 32.79% by Chengtun Mining Group Co., Ltd. (盛屯礦業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600711), as its limited partner; and (iii) approximately 54.91% by six other limited partners, none of which holds more than 30% partnership interest therein.

CR Biotech is a limited partnership established under the laws of Cayman Islands, which is owned as to (i) 50% by CR Capital Management Inc. as its general partner; and (ii) 50% by CR Partner Biotech Inc. as its limited partner. Both CR Capital Management Inc. and CR Partner Biotech Inc. are ultimately controlled by Sun Lin.

CR Entities are leading private equity firms with approximately 20 years of investment experience, specialising in equity investments in emerging industries, including innovative pharmaceuticals, artificial intelligence, semiconductors, and new energy. CR Entities' investment portfolio includes (i) Viva Biotech Holdings (維亞生物科技控股集團), a company listed on the Stock Exchange (stock code: 01873); (ii) Sino Medical Sciences Technology Inc. (賽諾醫療科學技術股份有限公司), a company listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688108); and (iii) Bright Eye Hospital Group Co., Ltd. (普瑞眼科醫院集團股份有限公司), a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 301239).

VVBI and Shanghai Weiqiandai

VVBI is a limited liability company established in Hong Kong, which is principally engaged in equity investment. It is wholly owned by Viva Ventures Biotech, L.P., whose general partner is controlled by Ms. Mao Jun (毛雋). Ms. Mao Jun is a director of our subsidiary, VivaVision Hong Kong.

Shanghai Weiqiandai is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Shanghai Weiqiandai is owned as to (i) approximately 2.86% by Shanghai Daidai as its general partner, which is ultimately controlled by Ms. Mao Jun; and (ii) approximately 97.14% by Hangzhou Qiandai Weiya Investment Management Partnership Enterprise (Limited Partnership) (杭州千岱維亞投資管理合夥企業(有限合夥)) ("Qiandai Weiya") as its limited partner. Qiandai Weiya is held as to approximately (i) 1.89% by Shanghai Daidai as its general partner; (ii) approximately 69.81% by Hangzhou Qiandai as its limited partner; and (iii) approximately 28.30% by two other limited partners, none of which holds more than 30% partnership interest therein.

Hangzhou Beixin and Hangzhou Beiyi ("Beijia Entities")

Hangzhou Beixin is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Hangzhou Beixin is owned as to (i) approximately 1.00% by Hangzhou Beijia Investment Management Co., Ltd. (杭州貝加投資管理有限責任公司) ("Hanghzou Beijia") as its general partner, which is held as to approximately 90.00% by Ding Shizhe (丁師哲); and (ii) approximately 99.00% by 15 other limited partners, none of which holds more than 30% partnership interest therein.

Hangzhou Beiyi is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Hangzhou Beiyi is owned as to (i) approximately 1.05% by Hangzhou Beijia as its general partner; (ii) approximately 31.58% by Baoyi Real Estate Group Co., Ltd. (保億置業集團有限公司) as its limited partner, which is ultimately controlled by Mo Jianrong (莫劍榮); and (iii) approximately 67.37% by 16 other limited partners, none of which holds more than 30% partnership interest therein.

Hangzhou Beijia is a well-known investment institution in the PRC focusing on the broad healthcare sector, with a particular emphasis on investments in the fields of biopharmaceuticals, in vitro diagnostics and innovative medical devices. As of the Latest Practicable Date, Hangzhou Beijia had over RMB2 billion assets under management. The portfolio companies of Hangzhou Beijia include, among others: (i) Wuhan Healthgen Biotechnology Corp. (武漢禾元生物科技股份有限公司), a company listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688765); and (ii) LongBio Pharma (Suzhou) Co., Ltd. (天辰生物醫藥(蘇州)股份有限公司), a company listed on the Stock Exchange (stock code: 1779).

Yangzhou Shengze

Yangzhou Shengze is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Yangzhou Shengze is owned as to (i) approximately 0.0023% by Changzhou Shuangye Venture Capital Co., Ltd. (常州霜葉創業投資有限公司) as its

general partner, which is ultimately controlled by Yu Xiaoming (余曉明); (ii) approximately 63.83% by Guangzhou Suike Investment Partnership (Limited Partnership) (廣州穗科投資合夥企業(有限合夥)) as its limited partner, which is controlled by Hu Taozhi (胡桃枝); and (iii) approximately 36.17% by Jiaxing Hanghan Jiachen Equity Investment Partnership (Limited Partnership) (嘉興航瀚甲辰股權投資合夥企業(有限合夥)) as its limited partner, which is controlled by Hu Yongjie (胡勇傑).

Ningbo CFS and Shenzhen Huawei ("CFS Entities")

Ningbo CFS is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Ningbo CFS is owned as to (i) approximately 40.00% by Shenzhen CFS Investment Co., Ltd. (深圳市中金策投資有限公司) ("Shenzhen CFS") as its general partner, which is ultimately controlled by Hua Hong (華紅); (ii) approximately 40.00% by Wu Yizhou (吳亦宙) as its limited partner; and (iii) approximately 20.00% by eight other limited partners, none of which holds more than 30% partnership interest therein.

Shenzhen Huawei is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Shenzhen Huawei is owned as to (i) approximately 2.78% by Shenzhen CFS as its general partner; and (ii) approximately 97.22% by 13 other limited partners, none of which holds more than 30% partnership interest therein.

Jingjiang Yingqi

Jingjiang Yingqi is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Jingjiang Yingqi is owned as to (i) approximately 58.00% by Sun Baojuan (孫寶娟) as its general partner; and (ii) approximately 42.00% by its three limited partners, none of which holds more than 30% partnership interest therein.

Yueke Xingwen

Yueke Xingwen is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Yueke Xingwen is owned as to (i) approximately 1.00% by Guangdong Technology Financial Fund of Funds Management Co., Ltd. (廣東省粵科母基金投資管理有限公司) ("Guangdong Technology Financial Fund") as its general partner, which is wholly owned by Guangdong Technology Financial Group Co., Ltd. (廣東省粵科金融集團有限公司) ("Guangdong Technology Financial Group"); (ii) approximately 39.00% by Guangdong Province Emerging Industry Investment Fund Partnership Enterprise (Limited Partnership) (廣東省新興產業投資基金合夥企業(有限合夥)) as its limited partner, which is held as to approximately 0.0033% by Guangdong Technology Financial Fund as its general partner and approximately 99.9967% by Guangdong Technology Financial Group as its limited partner; (iii) approximately 30.00% by Wenzhou Industrial Development Fund Co., Ltd. (溫州市產業發展基金有限公司) as its limited partner, which is ultimately controlled by Wenzhou Municipal Bureau of Finance (溫州市財政局); and (iv) approximately 30.00% by Zhejiang Industry Fund Co., Ltd. (浙江省產業基金有限公司) as its limited partner, which is ultimately controlled by the Department of Finance of Zhejiang Province (浙江省財政廳). Guangdong Technology Financial Group is held as to 90.00% by the People's Government of Guangdong Province (廣東省人民政府) and 10.00% by the Department of Finance of Guangdong Province (廣東省財政廳).

Guangdong Technology Financial Fund is one of the earliest venture capital institutions established in the PRC, and a leading PRC state-owned enterprise with over 10 years of investment experience, specialising in equity investments in emerging industries in the PRC. As of the Latest Practicable Date, Guangdong Technology Financial Fund had over RMB55 billion assets under management, and has provided financing and investment services to over 3,000 technology enterprises.

Guangzhou Kechuang Zhihui

Guangzhou Kechuang Zhihui is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Guangzhou Kechuang Zhihui is owned as to (i) approximately 1.00% by Guangzhou Industry Investment Private Fund Management Co., Ltd. (廣州產投私募基金管理有限公司) ("Guangzhou Industry Investment") as its general partner; (ii) approximately 38.21% by Guangzhou Innovation Investment Master Fund Partnership (Limited Partnership) (廣州創新投資母基金合夥企業(有限合夥)) ("Guangzhou Innovation Investment Master Fund") as its limited partner; and (iii) approximately 60.79% by five other limited partners, none of which holds more than 30% partnership interest therein. Each of Guangzhou Industry Investment and Guangzhou Innovation is ultimately controlled by Guangzhou Municipal People's Government (廣州市人民政府).

GTJA Huike

GTJA Huike is a limited partnership established under the laws of the PRC, which is principally engaged in healthcare industry investment. GTJA Huike is owned as to (i) approximately 0.96% by Beijing GTJA Asset Management Ltd. (北京高特佳資產管理有限公司) as its general partner, which is wholly owned by Shenzhen GTJA Capital Investment Group Co., Ltd. (深圳市高特佳創業投資集團有限公司) ("Shenzhen GTJA"). Shenzhen GTJA is controlled by Ching Ngai Industries (China) Company Limited (精藝實業(中國)有限公司), which is wholly-owned by Bian Zhuang; and (ii) approximately 99.04% by its 21 limited partners, none of which holds more than 30% partnership interest therein.

Shenzhen GTJA invests in early and growth-stage companies in China and around the world with a focus on medical and healthcare industry. As of the Latest Practicable Date, Shenzhen GTJA had over RMB20 billion assets under management, and has invested in over 100 pharmaceutical enterprises.

FENGHE

FENGHE is a limited liability company established under the laws of Singapore, which is wholly owned by FENGHE HOLDINGS LTD., which is in turn ultimately controlled by John Wu Jiong, Kwek Hyen Yong and Matt Hu, holding 45%, 10% and 45% of the equity interests, respectively.

Zhangjiang Torch

Zhangjiang Torch is a limited liability company established under the laws of the PRC, which is principally engaged in equity investment. Zhangjiang Torch is a wholly owned company of Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業園投資開發有限公司), which is wholly owned by Shanghai Pudong Kechuang Group Co., Ltd. (上海浦東科創集團有限公司) ("Pudong Kechuang"). Pudong Kechuang is held as to approximately 90.00% by Pudong State-owned Assets Supervision and Administration Commission (上海市浦東新區國有資產監督管理委員會) and approximately 10.00% by Shanghai Municipal Bureau of Finance (上海市財政局).

Suzhou Juming

Suzhou Juming is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Suzhou Juming is owned as to (i) approximately 1.00% by Suzhou MING Bioventures LP (蘇州聚明投資管理合夥企業(有限合夥)) ("Suzhou MING") as its general partner; and (ii) approximately 99% by 27 limited partners, none of which holds more than 30% partnership interest therein. Suzhou MING is owned as to (i) approximately 20.00% by Guo Hua (郭華) as its general partner; (ii) approximately 58.50% by Suzhou Longze Tailu Management

Consulting Partnership (Limited Partnership) (蘇州瀧澤泰露管理諮詢合夥企業(有限合夥)) as its limited partner, which is ultimately controlled by Guo Hua; and (iii) approximately 21.50% by three other limited partners, none of which holds more than 30% partnership interest therein.

Magic Honor

Magic Honor is a limited liability company established under the laws of the British Virgin Islands, wholly owned by Zhao Lumiao (趙路苗), which is principally engaged in equity investment.

Wanlian Guangsheng

Wanlian Guangsheng is limited liability company established under the laws of the PRC, which is principally engaged in primary equity investment. Wanlian Guangsheng is wholly owned by Wanlian Securities Co., Ltd. (萬聯證券股份有限公司), which is in turn held as to (i) approximately 43.04% by Guangzhou Financial Holdings Group Co., Ltd. (廣州金融控股集團有限公司), and (ii) approximately 56.96% by 15 other shareholders, none of which holds more than 30% equity interest therein. Guangzhou Financial Holdings Group Co., Ltd. is held as to approximately 90.75% by Guangzhou Municipal People's Government (廣州市人民政府) and approximately 9.25% by the Department of Finance of Guangdong Province (廣東省財政廳).

Huzhou Weiyuan

Huzhou Weiyuan is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Huzhou Weiyuan is owned as to (i) approximately 4.10% by Ms. Sun Jialin (孫佳林), our non-executive Director, as its general partner; and (ii) approximately 95.90% by 12 limited partners, none of which holds more than 30% partnership interest therein.

Renze Zhenhe

Renze Zhenhe is a limited partnership established under the laws of the PRC, which is principally engaged in healthcare equity investment. The general partner of Renze Zhenhe is Hainan Zhenmai Private Equity Fund Management Partnership Enterprise (Limited Partnership) (海南真脈私募基金管理合夥企業(有限合夥)), whose general partner is Hainan TruMed Advisors Ltd. (海南真脈諮詢有限公司), which is wholly owned by TruMed Investment Management Limited (真脈投資管理有限公司). Among Renze Zhenhe's limited partners, Renhe Pharmacy Co., Ltd. (仁和藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000650), holds more than 30% partnership interest. Save as Renhe Pharmacy Co., Ltd., there is no other limited partner holding 30% or more of the partnership interests in Renze Zhenhe.

Jiaxing Shengmou

Jiaxing Shengmou is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Jiaxing Shengmou is owned as to (i) approximately 12.02% by Zhejiang Shengyuan Private Equity Fund Management Co., Ltd. (浙江盛元私募基金管理有限公司) ("Zhejiang Shengyuan") as its general partner; (ii) approximately 48.88% by Hangzhou Shengyuan Mingxi Investment Partnership Enterprise (Limited Partnership) (杭州盛元茗溪投資合夥企業(有限合夥)) ("Hangzhou Shengyuan Mingxi") as its limited partner; and (iii) approximately 39.10% by Ningbo Kongxie Enterprise Management Co., Ltd. (寧波孔偕企業管理有限公司) as its limited partner, which is wholly owned by Yu Mengqiong (俞孟瓊). Each of Zhejiang Shengyuan and Hangzhou Shengyuan Mingxi is ultimately controlled by Wang Hequn (王鶴群).

Yueshang Jiaxing

Yueshang Jiaxing is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Yueshang Jiaxing is owned as to (i) approximately 0.02% by Zhejiang Shangzhe Zhicheng Private Equity Fund Management Co., Ltd. (浙江上哲至成私募基金管理有限公司) ("Zhejiang Shangzhe") as its general partner; and (ii) approximately 99.98% by Zhao Dan (趙丹) as its limited partner. Zhejiang Shangzhe is ultimately owned by Xu Jing (徐婧).

ITVFC

The Innovation and Technology Venture Fund Corporation is a limited company incorporated in Hong Kong as a special-purpose vehicle established by the Hong Kong Government to facilitate control and administration of the Innovation and Technology Venture Fund. The HK$2 billion Innovation and Technology Venture Fund was launched by the Hong Kong Government in 2017 to encourage venture capital investment in local innovation and technology start-ups and to create a vibrant start-up ecosystem in Hong Kong. The Innovation and Technology Venture Fund Corporation co-invests with selected venture capital funds in eligible local start-ups at a matching investment ratio of Government Fund to selected venture capital funds of approximately 1:2.

Wenzhou Gongchuang Runmou

Wenzhou Gongchuang Runmou is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Wenzhou Gongchuang Runmou is owned as to (i) approximately 0.99% by Wenzhou Gongchuang Zherun Enterprise Management Consulting Co., Ltd. (溫州市工創哲潤企業管理諮詢有限公司) ("Wenzhou Gongchuang Zherun") as its general partner; and (ii) approximately 99.01% by Wenzhou Gongchuang Investment Co., Ltd. (溫州市工創投資有限公司) ("Wenzhou Gongchuang Investment") as its sole limited partner. Each of Wenzhou Gongchuang Zherun and Wenzhou Gongchuang Investment is ultimately controlled by the State-owned Assets Supervision and Administration Commission of People's Government of Wenzhou Municipality (溫州市人民政府國有資產監督管理委員會).

Hangzhou Morning Spring Venture

Hangzhou Morning Spring Venture is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Hangzhou Morning Spring Venture is owned as to (i) approximately 1.91% by Hangzhou Morning Spring Private Equity Fund Management Co., Ltd. (杭州曉池私募基金管理有限公司) ("Hangzhou Morning Spring Fund") as its general partner, which is ultimately controlled by Yin Jie (尹潔); (ii) approximately 31.81% by Hangzhou Xiaoquan No. 8 Equity Investment Partnership (Limited Partnership) (杭州曉泉八號股權投資合夥企業(有限合夥)) ("Hangzhou Xiaoquan") as its limited partner. Hangzhou Xiaoquan is owned as to (i) approximately 0.01% by Hangzhou Morning Spring Fund as its general partner; (ii) approximately 48.52% by Chen Haohua (陳浩華) as its limited partner, and (iii) approximately 51.47% by four other limited partners, none of which holds more than 30% partnership interest therein.

EMPLOYEE OWNERSHIP PLATFORM

To attract, incentivize and retain our employees and other eligible participants and maintain the stability of our management team and talents, we established Huzhou Xiulai as our Employee Ownership Platform in 2019. As of the Latest Practicable Date, Huzhou Xiulai held an aggregate of 26,561,870 Shares, representing approximately 9.22% of the issued share capital of our Company. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Huzhou Xiulai will be interested in approximately [**REDACTED**]% of the total issued Shares.

As of the date of this document, Huzhou Xiulai has [48] limited partners, which consists of [47] current and former employees and [1] external consultant of Group among whom (i) Dr. Xia Erning (夏爾寧) (our executive Director and chief technology officer) held approximately [12.96]% partnership interests as a limited partner therein; and (ii) Mr. Cai Jianhua (蔡建華) ("Mr. Cai"), an independent external consultant of our Group providing strategic advice in relation to the Group's industry resource connections, R&D and business development, held approximately [0.38]% partnership interests as a limited partner therein. Mr. Cai was granted the relevant shares due to his historical contributions to our Company during our early development stage including but not limited to his provision of strategic advice in relation to the Group's industry resource connections, R&D and business development. None of the limited partners of Huzhou Xiulai holds more than 30% of the partnership interests therein. The general partner of Huzhou Xiulai is Ms. Wu Ye (吳燁), the deputy director of human resources and administration of the Company.

The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after Listing. For further details of our employee ownership platform and the Employee Incentive Scheme, see "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme" to this document.

CAPITALIZATION OF OUR COMPANY

As of the Latest Practicable Date and immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the conversion of the Convertible Bond is not completed), the summary of the capitalization of our Company is set out as follows:

	As of the Latest Practicable Date		Upon completion of the [REDACTED]				
Shareholder	Number of Shares	Percentage of shareholding	Number of H Shares	Number of Unlisted Shares	Total number of Shares	Percentage of shareholding	Whether the H Shares count towards public float or not
Single Largest Shareholder							
Dr. Shen	45,900,000	15.92%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee Ownership Platform							
Huzhou Xiulai	26,561,870	9.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pre-[REDACTED] Investors							
Longpan Entities							
Longpan Health	33,333,330	11.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tibet Longpan	4,737,410	1.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
HSG Venture	20,597,430	7.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Qiandai	18,750,000	6.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ouhai Xiangtou V-Capital and Wenzhou V-Capital							
Ouhai Xiangtou V-Capital	9,474,820	3.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wenzhou V-Capital	9,474,820	3.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changchong No. 1	11,250,000	3.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Weixuchen	9,831,790	3.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cenova Entities							
WELL ASPIRATIONS	4,634,420	1.61%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Cenova	2,525,900	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Cenova	2,108,520	0.73%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CR Entities							
Changrong Xuanhe	4,119,490	1.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CR Biotech	4,068,630	1.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
VVBI and Shanghai Weiqiandai							
VVBI	7,277,760	2.52%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Weiqiandai	910,360	0.32%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As of the Latest Practicable Date		Upon completion of the [REDACTED]				
Shareholder	Number of Shares	Percentage of shareholding	Number of H Shares	Number of Unlisted Shares	Total number of Shares	Percentage of shareholding	Whether the H Shares count towards public float or not
Beijia Entities							
Hangzhou Beixin	6,102,940	2.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Beiyi	2,059,740	0.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yangzhou Shengze	6,316,540	2.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CFS Entities							
Ningbo CFS	4,119,490	1.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Huawei	2,034,310	0.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jingjiang Yingqi	6,102,940	2.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yueke Xingwen	4,737,410	1.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Kechuang Zhihui	4,737,410	1.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GTJA Huike	4,696,210	1.63%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
FENGHE	4,119,490	1.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhangjiang Torch	4,119,490	1.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Juming	4,068,630	1.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Magic Honor	3,952,380	1.37%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wanlian Guangsheng	2,736,840	0.95%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huzhou Weiyuan	2,512,890	0.87%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Renze Zhenhe	2,368,710	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Shengmou	2,368,700	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yueshang Jiaxing	2,059,740	0.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ITVFC	1,579,140	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wenzhou Gongchuang Runmou	1,579,140	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Morning Spring Venture	315,830	0.11%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Public Shareholders taking part in the [**REDACTED**]	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	288,244,520	100%	[REDACTED]	[REDACTED]	[REDACTED]	100%	

Public Float

Upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), [**REDACTED**] H Shares converted from Unlisted Shares and held by the Single Largest Shareholder, an aggregate of [**REDACTED**] H shares converted from Unlisted Shares and held by VVBI and Shanghai Weiqiandai, and [**REDACTED**] H Shares converted from Unlisted Shares and held by Huzhou Weiyuan, representing approximately [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of our total issued Shares as of the Latest Practicable Date, or approximately [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of our total issued Shares immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) will not be counted towards the public float since our Single Largest Shareholder, VVBI, Shanghai Weiqiandai and Huzhou Weiyuan will be considered as our Company's core connected persons (as defined under the Listing Rules).

To the best knowledge and information of our Directors, taking into account the conversion of Unlisted Shares into H Shares upon Listing, [**REDACTED**] H Shares will be counted towards the public float of our Company, representing approximately [**REDACTED**]% of our total issued Shares upon Listing (assuming the [**REDACTED**] is not exercised). Pursuant to Rule 19A.13A(1) of the Listing Rules, (i) where the expected market value at the time of listing of our Company's H Shares does not exceed HK$6 billion, at least 25% of the total number of H Shares must at the time of the Listing be held by the public. With respect to the indicative [**REDACTED**] of [**REDACTED**], [**REDACTED**] and [**REDACTED**] per [**REDACTED**] (being the low-end,

mid-point and high-end of the indicative [**REDACTED**], respectively), the expected market capitalization of the Company's H Shares would not exceed HK$6 billion. As such, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 19A.13A(1) of the Listing Rules.

Free Float

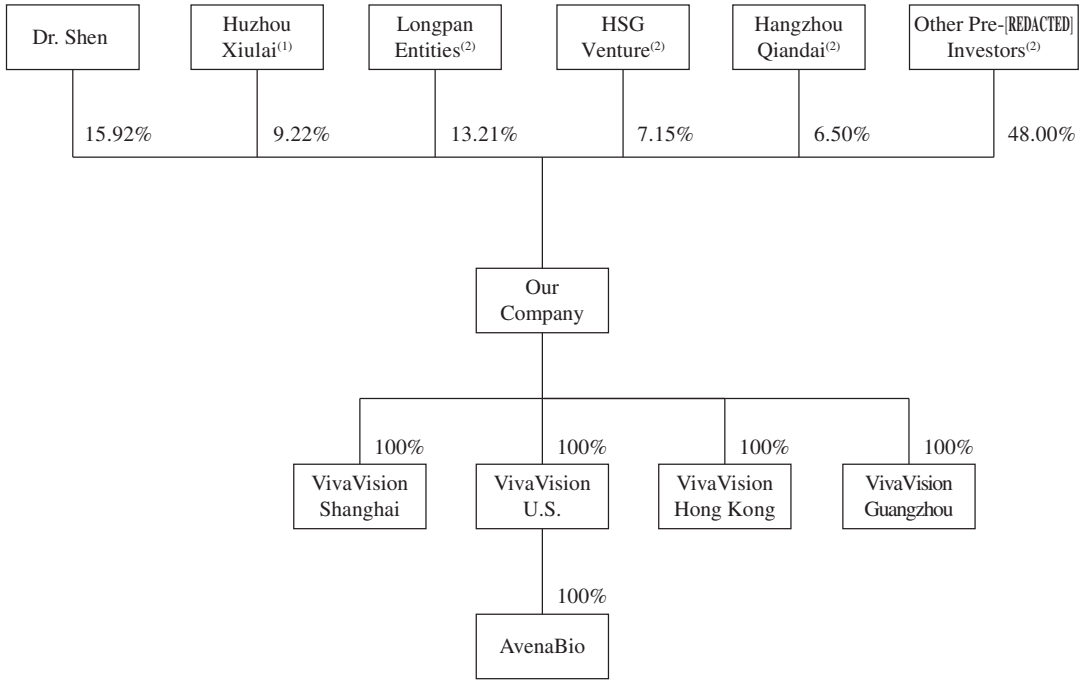
Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

To the best knowledge of our Directors, the [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] are expected to be held by the public and will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise). Based on the low-end, mid-end and the high-end of the indicative [**REDACTED**], respectively, our Company will satisfy the free float requirements under Rule 19A.13C of the Listing Rules upon Listing.

SHAREHOLDING AND CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately before the completion of the [**REDACTED**] (assuming the conversion of the Convertible Bonds is not completed):



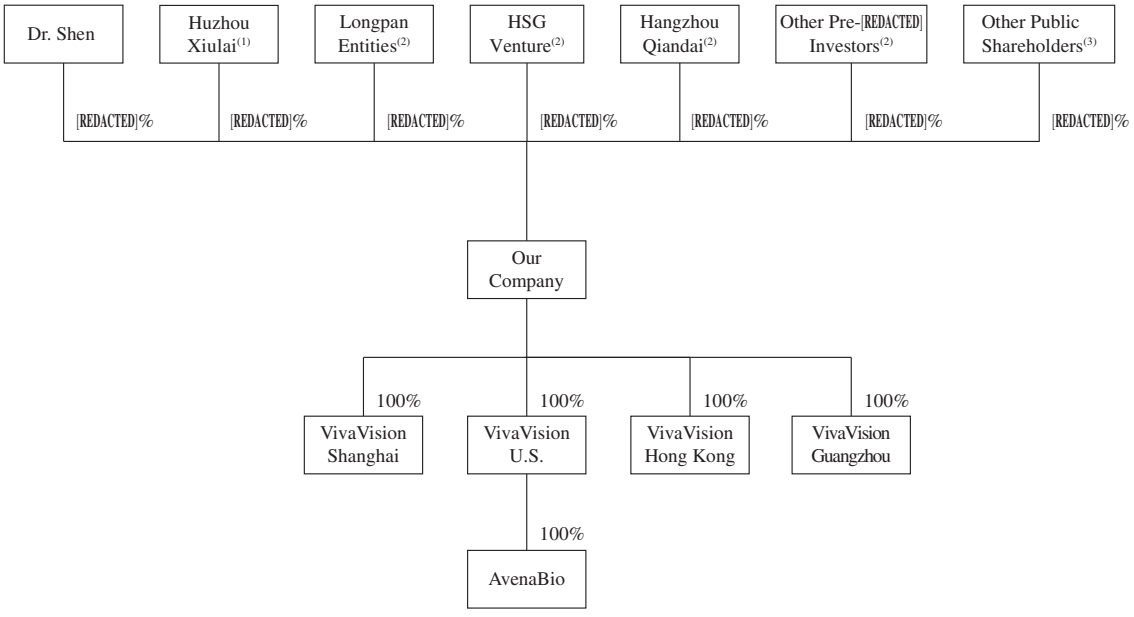
Notes:

(1) As of the Latest Practicable Date, Huzhou Xiulai was the Employee Ownership Platform. See "—Employee Ownership Platform" for the details of Huzhou Xiulai.

(2) For the details of the background information of Longpan Entities, HSG Venture, Hangzhou Qiandai and other Pre-[**REDACTED**] Investors, see "—Pre-[**REDACTED**] Investments" for details.

Corporate Structure Immediately After Completion of the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the conversion of the Convertible Bond is not completed):



Notes:

(1)-(2) Please refer to the notes in "—Shareholding and Corporate Structure—Corporate Structure Immediately Before the [**REDACTED**]" above.

(3) The Shares held by these other public Shareholders are H Shares, which will be counted towards the public float together with [**REDACTED**] H Shares to be converted from Unlisted Shares. See "Share Capital" for further details of the conversion of Unlisted Shares into H Shares.

OVERVIEW

We are an ophthalmology-focused biotech company. Leveraging our expertise in small-molecule drug discovery, advanced formulation development and translational research in ophthalmic diseases, we are building a competitive and differentiated product pipeline covering ocular indications affecting the surface and back of the eye with significant unmet clinical needs.

The accelerating global trend of population aging, together with rising demand for therapies targeting ocular surface and posterior segment diseases, has driven advances globally in the research and development of innovative ophthalmic drugs. Leading Chinese pharmaceutical companies have been conducting clinical trials of ophthalmic drugs in the United States and other overseas regions to accelerate the international commercialization of their products. According to Frost & Sullivan, the global ophthalmic pharmaceutical market is expected to expand from US$42.0 billion from 2025 to US$60.7 billion in 2035, at a CAGR of 3.8%. To address this attractive market opportunity, we closely monitor market trends in China and abroad. We expect to launch our product candidates in both domestic and overseas markets and to establish an efficient globalized business model centered on innovative drugs and supported by cross-border collaborations. We have strategically established research and development centers and subsidiaries in China and overseas. This approach enables us to advance new drug research and development efficiently and to conduct clinical trials in both China and the United States, two of our key strategic markets, thereby maximizing commercialization opportunities for our product candidates and enhance our brand recognition.

We have established differentiated in-house research and development capabilities for innovative ophthalmic drugs and are selectively expanding into other disease areas with significant commercial potential. We have established integrated technology platforms, including ophthalmic small-molecule drug discovery, advanced formulation development and translational research, and have built a robust drug pipeline based on these platforms. As of the Latest Practicable Date, our product pipeline consisted of five clinical-stage product candidates, including our Core Products, VVN461(HD) and VVN001, and three other product candidates. We hold full development and commercialization rights to our product pipeline with respect to the product candidates' formulations and disease areas. The following chart summarizes our product pipeline as of the Latest Practicable Date.

Program	Mechanism of Action	Formulation	Indication	Patient Population	Commercial Rights	Planned Commercialization Jurisdiction	Regulatory Authority	Preclinical	IND Approval	Clinical			NDA Approval	Expected Near-Term Milestone
										Phase I	Phase II	Phase III		
VVN461(HD)★	JAK1/TYK2	Eye drop	NIAU	Adults	Global[1]	China	NMPA							Complete Phase III in 1H 2027
						U.S.	FDA							IND amendment in Q4 2026[2]
			SS-DED	Adults		China	NMPA							Commence Phase II in Q4 2026[3]
			Scleritis			U.S.	FDA							Commence IIT in Q4 2026[4]
			oGVHD	Adults		U.S.	FDA							Commence IIT in Q4 2026[4]
			Pediatric uveitis	Children		To be determined	To be determined							Timing of clinical trial to be determined[5]
			VKC	Children and teenager		China	NMPA							IND application in Q4 2026[6]
VVN001★	LFA-1	Eye drop	Moderate-to-severe DED	Adults	Global	China	NMPA							Complete Phase III in 1H 2027
						U.S.	FDA[7]							Timing of Phase III to be determined
VVN461(LD)	JAK1/TYK2	Eye drop	Postoperative ocular inflammation	Adults	Global[1]	U.S.	FDA[8]							Timing of Phase III to be determined
VVN432	JAK1/TYK2	Nasal spray	CRS	Adults	Global[1]	China	NMPA							Complete Phase I in Q4 2026
VVN1901	rhNGF	Eye drop	Stage 2 to Stage 3 NK	Adults	Global	China	NMPA							Complete Phase II in 2028

★ Core Product

Milestones achieved

Clinical trial phases marked as ▨ are not required by the NMPA or FDA, as applicable

CRS: chronic rhinosinusitis

DED: dry eye disease

NIAU: non-infectious anterior uveitis

NK: neurotrophic keratitis

oGVHD: ocular graft-versus-host disease

SS-DED: Sjögren's syndrome–related DED

VKC: vernal keratoconjunctivitis

JAK1: Janus kinase 1

LFA-1: lymphocyte function-associated antigen-1

rhNGF: recombinant human nerve growth factor

TYK2: tyrosine kinase 2

Notes:

(1) In February 2021, we entered into an asset transfer and license agreement (as supplemented on February 10, 2021 and January 29, 2024 and amended and restated on February 6, 2026) with E-nitiate. Pursuant to such agreement, we transferred, among others, intellectual property and other rights in the compound underlying VVN461 and VVN432 to E-nitiate and E-nitiate granted us, among others, an exclusive, perpetual and irrevocable license to develop, manufacture and commercialize such compound (other than with respect to oral dosage formulation) in the ophthalmology (effective on and from February 10, 2021) and rhinology (effective on and from January 29, 2024) fields globally. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate."

(2) We had a Type C meeting with the FDA in November 2025, during which the FDA confirmed our plan to directly initiate a Phase III clinical trial (*i.e.*, no additional Phase I and Phase II clinical trials needed) of VVN461(HD) in the United States for the treatment of NIAU. We plan to submit an IND amendment in the fourth quarter of 2026 and directly commence such Phase III clinical trial in the first half of 2027. See "—Our Product Candidates—Our Core Products—VVN461(HD)—Non-Infectious Anterior Uveitis (NIAU)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products."

(3) We obtained an IND approval from the NMPA to directly initiate a Phase II clinical trial (*i.e.*, no additional Phase I clinical trial needed) of VVN461 for the treatment of SS-DED by leveraging the Phase I clinical trial results of VVN461 in China. See "—Our Product Candidates—Our Core Products—VVN461(HD)—Sjögren's Syndrome-Related DED (SS-DED)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the PRC—Laws and Regulations in Relation to New Drug—Conduct of Clinical Trial."

(4) We plan to collaborate with academic research institutions in the United States to commence investigator-initiated trials (IIT) of VVN461 for the treatment of scleritis and oGVHD in the fourth quarter of 2026. We plan to submit IND amendments to the FDA for directly initiating registration-enabling pivotal clinical trials of VVN461 in the United States for these indications by leveraging the IIT results.

(5) We intend to develop VVN461(HD) for the treatment of pediatric uveitis. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

(6) We intend to develop VVN461(HD) for the treatment of VKC. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

(7) Based on communications with the FDA, we directly commenced a Phase II clinical trial of VVN001 in the United States by leveraging our preclinical study results, including satisfactory safety data. See "—Our Product Candidates—Our Core Products—VVN001—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products." We completed such Phase II clinical trial in April 2022.

(8) Based on communications with the FDA, we directly commenced a Phase II clinical trial of VVN461 for the treatment of postoperative ocular inflammation in the United States by leveraging the Phase I clinical trial results of VVN461 in China. See "—Our Product Candidates—Our Other Product Candidates—VVN461(LD)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products." We completed such Phase II clinical trial in October 2024.

In response to the safety and tolerability concerns of corticosteroids, especially in long-term use to treat inflammatory conditions, and the limited efficacy of traditional non-steroidal anti-inflammatory drugs, we are developing VVN461, a non-corticosteroid anti-inflammatory eye drop. VVN461(HD), one of our Core Products, is potentially the world's first Janus kinase (JAK) inhibitor eye drop. In our preclinical *in vitro* study, VVN461 demonstrated highly selective dual inhibition of Janus kinase 1 (JAK1) and tyrosine kinase 2 (TYK2). As a selective inhibitor of such key regulators for major proinflammatory cytokines in the JAK family, VVN461 is designed to block inflammatory signaling pathways and has demonstrated anti-inflammatory efficacy comparable to that of corticosteroids in a head-to-head Phase II clinical trial of VVN461 in non-infectious anterior uveitis (NIAU) patients while potentially avoiding the typical adverse effects associated with corticosteroids, such as increased intraocular pressure, cataract formation and corneal damage. In addition, VVN461 met the primary endpoints in a Phase II clinical trial in patients undergoing routine unilateral cataract surgery and demonstrated favorable efficacy and satisfactory safety and tolerability profile in such clinical trial. Based on efficacy results in the Phase II clinical trial, our VVN461(HD) for the treatment of NIAU received the breakthrough therapy designation (BTD) from the NMPA. In the course of developing VVN461, our findings

revealed that the molecule demonstrated promising efficacy in treating chronic rhinosinusitis (CRS). Accordingly, we are extending the application of the compound to CRS and developing VVN432 to capture additional clinical and commercial value.

In addition to VVN461, we are developing another late-stage Core Product, VVN001, which is a lymphocyte function-associated antigen-1 (LFA-1) antagonist designed to treat moderate-to-severe dry eye disease (DED). Given to the significant unmet clinical needs in the treatment of DED, we have focused on the development of VVN001 since our inception. VVN001 demonstrated efficacy comparable to first-generation LFA-1 antagonist in our *in vitro* preclinical studies, while having improved efficacy and safety profile with no stinging sensation commonly associated CsA, compared to cyclosporine A (CsA), the current standard of care of moderate-to-severe DED, as demonstrated in our Phase II clinical trial of VVN001 in the United States.

In addition to our Core Products, which are both in Phase III clinical trials, our VVN1901, a recombinant human nerve growth factor (rhNGF) being developed for the treatment of neurotrophic keratitis (NK), has commenced a registration-enabling pivotal Phase II clinical trial. At the same time, we are preparing to initiate a Phase III clinical trial for VVN461(LD) and are conducting a Phase I clinical trial for VVN432.

We believe that ocular surface programs can be developed and commercialized with relatively short timelines. Therefore, our strategic focus has been on advancing our ocular surface programs toward commercialization to establish a robust foundation for our product portfolio. Meanwhile, we have initiated programs in the posterior segment to capture greater commercial potential in back-of-the-eye diseases to support our long-term growth.

OUR STRENGTHS

Innovative ophthalmic therapies supported by integrated technology platforms spanning entire lifecycle of drug development

To address the significant unmet clinical needs in the field of innovative ophthalmic drugs, we have established integrated technology platforms, including ophthalmic small-molecule drug discovery, advanced formulation development and translational research, which together provide a differentiated foundation of our innovative ophthalmic therapies. These three platforms function coherently as an integrated system, combining precise molecule discovery, efficient delivery formulation and translational research in innovative ophthalmic therapies. This coordinated approach addresses critical challenges in ophthalmic drug development, such as limited target specificity and efficacy, poor bioavailability and safety concerns.

- *Ophthalmology small-molecule drug discovery platform*. This platform is the core driver of our differentiated innovation, focusing on the early stage of molecule discovery. It integrates advanced capabilities in precise target selection, efficient molecule optimization technologies and patent protection framework. Discovered through this platform, our VVN461 demonstrated high activity, high selectivity, high permeability and broad coverage of inflammatory cytokine pathways and our VVN001 exhibited high aqueous solubility and high stability.

- *Advanced formulation development platform*. This platform serves as the cornerstone for us to realize precise delivery and rapid onset action of our product candidates, effectively addressing critical challenges associated with ophthalmic drug delivery. Leveraging our formulation platform, we have developed various advanced technologies for our drug candidates, including (i) the flash transmucosal delivery system for VVN461 and (ii) the enhanced formulation and packaging processes which substantially improved the stability and convenience of use for VVN1901.

- *Translational research platform for innovative ophthalmic drug*. Developing ophthalmic disease models presents significant challenges and many CROs are unable to design and develop ophthalmology disease models that meet our requirements. Therefore, the expertise of our translational research team is crucial for the successful development of ophthalmic models. Our scientists design the animal models and collaborate closely with CRO specialists in the laboratories to establish, test and refine such models. We have intellectual property rights to all such developed models.

Together, our technology platforms operate as a cohesive system that supports the discovery, preclinical research, formulation development and clinical development of innovative ophthalmic therapies. Through this integrated framework, we are able to address key challenges in ophthalmic drug development and create a solid foundation for sustained innovation and differentiation in this therapeutic area.

Comprehensive and differentiated product pipeline

After years of dedicated efforts in ophthalmology, we have established a pipeline of differentiated product candidates across major ophthalmic disease areas, enabling us to effectively address unmet clinical needs while gaining a technological edge in major indications. This comprehensive and differentiated pipeline reduces our overall research and development risks and allows us to target high-growth opportunities in ophthalmic drug market, supporting strong commercialization prospects.

Our product pipeline features broad coverage, clear staging and strong continuity, covering both front and back of the eye, targeting both acute conditions and chronic disease management for both common and rare ophthalmic diseases. For example, for the front of the eye, we focus on high-prevalence indications in China, such as DED, and orphan diseases in the United States, such as NIAU, scleritis and ocular graft-versus-host disease (oGVHD). This comprehensive multi-dimensional layout reflects more than a list of indications, but rather our strategic plan grounded in our understanding of the pathogenesis of ophthalmic diseases and the unique strengths of our technology platforms. Furthermore, during the development of our ophthalmology product pipeline, we have also discovered the potential of the VVN461 molecule in treating non-ocular inflammation and thus commenced development of VVN432 for the treatment of CRS, expanding the application of the molecule to markets with significant clinical and commercial value. From a staging perspective, we have established a well-structured product pipeline, with late-stage clinical candidates leading, mid-stage clinical candidates following through, and a well-stocked preclinical asset reserve.

Our differentiated product matrix is central to our competitive advantage in pipeline planning. For the treatment of ocular inflammation, our VVN461(HD), one of our Core Products, is potentially the world's first JAK inhibitor eye drop. In the expanding DED market, our self-developed VVN001 offers an improved alternative to current treatments with its enhanced solubility and formulation. For the treatment of NK, we believe that our VVN1901, developed with leading formulation and packaging technology, is well positioned to challenge the dominance of the only approved growth factor drug, due to its significantly enhanced stability and convenience in storage, transportation and daily use. We have also initiated development of innovative product candidates in the posterior segment eye diseases to support our long-term growth.

Through a strategic approach that combines comprehensive disease coverage to address market gaps, a differentiated portfolio to ensure our competitiveness and integrated technology platforms to support continuous innovation, we have built a solid product pipeline. Our product pipeline not only covers major disease areas with significant market potential, such as DED and ocular inflammation, but also addresses underserved rare diseases, such as NK, while strategically

balancing opportunities in both domestic and overseas markets to support our diversified and robust growth. As the ophthalmic drug market continues to grow, we anticipate that our strong pipeline will increasingly give us a competitive edge and serve as the core driver for our next stage of development.

Potential first-in-class JAK inhibitor eye drop for ophthalmic anti-inflammatory therapy to reshape traditional treatment paradigms

VVN461(HD), our Core Product, is potentially the world's first JAK inhibitor eye drop. VVN461's core competitive advantage lies in its targeted and differentiated mechanism of action, which underpins its breakthrough anti-inflammatory efficacy. JAK plays a critical role in inflammatory signal transduction. As a highly potent and selective JAK1/TYK2 dual inhibitor, VVN461 is designed to inhibit JAK1 and TYK2 activity, thereby directly blocking the JAK-STAT signaling pathway, with the aim of achieving comprehensive control of intraocular and ocular surface inflammation and enabling effective management of inflammation throughout the entire eye. Unlike traditional corticosteroids, which broadly suppress multiple pathways and involve multiple non-inflammatory functions, VVN461 is designed to selectively inhibit specific inflammatory pathways while minimizing disruption of normal physiological functions. This targeted mechanism of action is anticipated to offer potential safety benefits. Recognizing the advantages of this mechanism, we are extending the application of the compound underlying VVN461 to rhinology through the development of VVN432, a nasal spray for the treatment of CRS, and to posterior segment of the eye through the development of an innovative preclinical drug candidate designed for long-acting sustained release for the treatment of non-infectious non-anterior uveitis.

The efficacy and safety profile of VVN461 have been robustly demonstrated in multiple clinical trials, providing strong clinical evidence to support its potential to reshape the existing treatment paradigm. Particularly, VVN461 demonstrated efficacy comparable to corticosteroid control group in the Phase II clinical trial in NIAU patients in China. In addition to comparable efficacy, VVN461 can potentially avoid the typical adverse effects associated with corticosteroids such as increased intraocular pressure, cataract formation and corneal damage. VVN461 demonstrated safety profile comparable to that of vehicle control group in the Phase II clinical trial in patients undergoing routine unilateral cataract surgery in the United States. VVN461's topical inhibition of inflammatory pathways also lowers the safety risk associated with systemic use of JAK inhibitors. Its favorable long-term safety profiles may enhance patients' long-term adherence. As a result, VVN461 has the potential to overcome key limitations in traditional ophthalmic anti-inflammatory therapies.

The sizeable market and significant limitations of traditional treatment options provide a solid foundation for the commercialization of VVN461. The global ocular inflammation market is expected to reach US$4.3 billion by 2035, at a CAGR of 11.4% from 2025 to 2035. At the same time, significant unmet clinical needs remain, as many patients are unable to achieve satisfactory treatment outcomes and there is clear demand for safer and more effective innovative treatments. We believe VVN461 is well positioned to address this gap.

As potentially the world's first JAK inhibitor eye drop, VVN461 is expected to benefit from global patent protection. Our proprietary flash transmucosal delivery system technology, which is designed to enhance ocular bioavailability and retention time, combined with the enhanced ocular penetration and stability resulting from VVN461's unique small-molecule design, has established strong intellectual property and technology barriers to strengthen VVN461's competitive position.

Our VVN461(HD) received the BTD for the treatment of NIAU by the NMPA in June 2025, enabling a potentially expedited commercialization process. According to Frost & Sullivan, VVN461(HD) is the first eye drop to receive the BTD in China. With our parallel research and development plan in China and the United States, we aim to obtain marketing approval for VVN461(HD) in both China and the United States, thereby laying the foundation for our global

expansion. As we advance the Phase III clinical trials and further clinical data of VVN461(HD) become available, we expect to offer this innovative drug as a new treatment option to patients with ocular inflammation worldwide, while at the same time establishing our leading position in the arena of innovative ophthalmic drugs.

Globalized research and development and ecosystem collaboration

Amid intensifying global competition in research and development of innovative ophthalmic drugs and rising challenges in technology translation, a single technological breakthrough is no longer sufficient for biotech companies to sustain leadership. In such context, we have captured industry development trends through globalized R&D and ecosystem collaboration. We integrate quality global resources with domestic resources to accelerate technology translation and commercialization. This approach provides us with core competitive advantages in the ophthalmic pharmaceutical industry by balancing technological expertise, translational efficiency and market reach. It also tackles industry challenges such as lengthy development cycles, significant capital requirements and difficult commercial launches, thereby strengthening our competitive position in both domestic and overseas markets.

Our globalized R&D strategy underpins our innovation and international expansion. Our experienced R&D team design and execute clinical trials in both China and the United States. For the development of our VVN461(HD), we adhere to the dual clinical development strategy in China and the United States to accelerate our global footprint. We have completed a Phase II clinical trial in NIAU patients in China and plan to directly initiate a Phase III clinical trial of VVN461(HD) in the United States. In addition, we have received positive preliminary written feedback from the FDA, which indicated that we may submit an NDA for VVN461(HD) to the FDA following completion of a single Phase III pivotal clinical trial in NIAU patients. This registration pathway could significantly expedite the commercialization process for VVN461(HD) in the United States. This model of parallel clinical development in different jurisdictions allows us to efficiently evaluate efficacy and safety across different patient populations and to use clinical data in China and the United States to support subsequent regulatory filings in Europe, Southeast Asia and other markets, thereby securing an early-mover advantage internationally.

Our globalized R&D strategy is also reflected in our targeted integration of international resources. Leveraging the international experience of our management team, we have assembled a scientific advisory board comprising international experts in ophthalmology and established close collaboration with leading ophthalmic drug development experts and clinical institutions worldwide, enabling us to track the latest global research progress in the treatment of ophthalmic diseases in a timely manner and supporting our continuous pipeline expansion and technology iteration. With our globalized R&D system, we are able to enhance our position in global ophthalmic innovative drug development while steering clear of an insular development process.

Ecosystem collaboration serves as a key lever of us to accelerate technology translation and strengthening our industrial footprint. By leveraging the full industry chain resource spanning across R&D, pilot-scale manufacturing, clinical development and commercial manufacturing in China Gene Medicine Valley, we have enhanced the translation efficiency from laboratory research to commercialization, providing a solid foundation for the commercial-scale manufacturing of our Core Products. Our collaborations with academic research institutions and hospitals further enhance our research and development efficiency and clinical translation. We have built and maintained long-term cooperative relationships with leading hospitals with top ophthalmology department and renowned principal investigators (PIs, usually physicians at the hospitals responsible for the conduct of our clinical trials). These hospitals and PIs have served as clinical trial sites and investigators for our studies and have regularly discussed with us on study design, clinical endpoints and patient management. Through these collaborations, they have gained in-depth understanding of our pipeline, enabling efficient collaboration in our clinical trials and in so doing enabling us to accelerate the clinical development and improve the success rate of our product candidates.

Our globalized research and development and ecosystem collaboration provide us a distinct competitive edge. Globalized research and development enables us to generate research outcomes that meet international standards, which enhance the competitiveness of our collaborations. In parallel, our local ecosystem collaborations provide efficient clinical translation platforms and broad market access to support the commercialization of our globalized research and development results. As our Core Products progress toward commercialization, we believe this dual engine will support our growth into a benchmark ophthalmology company in China and facilitate the development of differentiated ophthalmic drugs, benefiting patients worldwide.

Expert management team supported by scientific advisory board and reputable investors

We have a visionary leadership team with extensive experience and deep scientific expertise in the ophthalmic pharmaceutical industry. Dr. Shen Wang, our founder, executive director, chief executive officer and chairman of the Board, has over 30 years of R&D and management experience across multiple therapeutic areas and participated in the development of the development of first-in-class products including Xiidra® for dry eye disease and oncology blockbuster VENCLEXTA®. Dr. Xia Erning, our executive director and chief technology officer, has over 30 years of ophthalmic pharmaceutical R&D experience, including at Bausch + Lomb, where he was one of the developers of ReNu® MultiPlus Multi-Purpose Solution, LOTEMAX® GEL and Besivance®. Dr. Tsai Albert Jr., our chief medical officer, has nearly 30 years of experience in the pharmaceutical and biotechnology industry with multinational companies such as Bayer Aktiengesellschaft, Merck & Co., Inc., G.E. HealthCare Technologies Inc., Amgen Inc. and AbbVie Inc., and has served as chief medical officer of Zhaoke Ophthalmology, a company listed on the Stock Exchange (stock code: 06622), overseeing a broad ophthalmic pipeline in both China and the United States. See "—Research and Development—In-House Research and Development Capabilities—In-House R&D Team" and "Directors and Senior Management" for further details on their past experience.

We have also assembled a scientific advisory board comprising leading experts in ophthalmology. Key members of our scientific advisory board include Professor Quan Dong Nguyen, Professor David S. Boyer and Professor Gary D. Novack. Professor Nguyen is a professor of ophthalmology at the Byers Eye Institute of Stanford University, focusing on the development of novel therapies and diagnostic technologies for retinal vascular and ocular inflammatory diseases, including diabetic retinopathy, age-related macular degeneration and uveitis. Professor Boyer is one of the leading retinal clinical researchers for new treatments in macular degeneration and diabetic macular edema. Professor Novack, with over 40 years of experience in pharmaceutical research and development, is a clinical professor of pharmacology and ophthalmology at the University of California Davis School of Medicine.

We receive strong endorsement from industry-leading investors who are familiar with the pharmaceutical market in China and extensive experience in investing in the biotechnology sector. We have a line-up of reputable global and Chinese institutional investors and biotech-focused investment funds as our Shareholders, including Lapam Capital, HSG, Viva Biotech, GTJA Investment Group, Cenova Capital and V-Capital, among others.

OUR STRATEGIES

Build an innovation-driven "VivaVision" brand with global reach

Our strategy is to build "VivaVision" into a specialized and innovation-driven brand with a clear clinical focus in key ophthalmic indications. Leveraging the global backgrounds and extensive research and development and regulatory experience of our R&D team as well as our integrated technology platform, we intend to establish deep collaborations with leading innovative research institutions and key opinion leaders to accelerate clinical adoption of innovative treatment concepts. At the same time, we will prioritize innovation and improving patient experience throughout

product development and commercialization. In particular, we intend to focus on developing product candidates with innovative mechanism of action, convenient dosing, and suitability and comfort for long-term use, as well as satisfactory safety and tolerability, supported by well-designed clinical trials.

We intend to proactively explore strategic collaborations with multinational pharmaceutical companies that have established commercial capabilities in ophthalmology to benefit from their existing ophthalmology salesforces, medical affairs and market access infrastructure to accelerate market access and penetration, while further strengthening our internal capabilities in global clinical development, pharmacovigilance and supply chain management.

Accelerate the development of our competitive, differentiated innovative Core Products

We focus on developing clearly differentiated product candidates to avoid homogeneous competition and to enhance the clinical and commercial potential of our pipeline. We aim to rapidly advance the clinical development of our Core Products, VVN461(HD) and VVN001, toward commercialization while continuing to explore new technologies and to support our long-term pipeline development.

VVN461(HD)

- *NIAU.* In China, we are conducting a multicenter, randomized, single-masked, active-controlled Phase III clinical trial to evaluate the efficacy and safety of VVN461(HD) (1.0% VVN461 eye drop) in patients with NIAU. We commenced the trial in November 2025 and expect to complete the trial in the first half of 2027.

  In the United States, we have had a formal discussion meeting with the FDA in November 2025, during which the FDA confirmed our development plan and registrational pathway of VVN461(HD) for the treatment of NIAU in the United States. We plan to directly initiate a Phase III clinical trial of VVN461(HD) in NIAU patients in the United State in the first half of 2027 in parallel to the Phase III clinical trial in China to support the global commercialization of VVN461(HD).

- *Other Indications.* We obtained an IND approval from the NMPA for directly commencing a Phase II clinical trial of VVN461 for the treatment of Sjögren's syndrome–related DED (SS-DED) in November 2025. We plan to commence a Phase II clinical trial in subjects with SS-DED in China in the fourth quarter of 2026. We plan to collaborate with academic research institutions in the United States to commence investigator-initiated trials (IIT) of VVN461 for the treatment of scleritis and oGVHD in the fourth quarter of 2026. We plan to submit IND amendments to the FDA for directly initiating registration-enabling pivotal clinical trials of VVN461 in the United States for the treatment of scleritis and oGVHD by leveraging the IIT results. We are also developing the clinical development plan of VVN461(HD) for the treatment of VKC and pediatric uveitis.

VVN001

We are conducting a multicenter, randomized, double-masked, vehicle-controlled Phase III clinical trial of VVN001 in patients with moderate-to-severe DED in China. We held a mid-term meeting in December 2025, during which the IDMC confirmed that the trial may proceed with the current trial design. As of the Latest Practicable Date, we had enrolled nearly 85% of the planned patients. We plan to complete such trial in the first half of 2027.

We plan to use approximately [70]% of the [**REDACTED**] from the [**REDACTED**], or approximately [**REDACTED**], for the development and registration of our Core Products. See "Future Plans and Use of [**REDACTED**]."

Continue to enhance our R&D capabilities and expand our product pipeline

We are committed to establish a fully integrated system from target discovery to commercialization.

- *Enhance drug discovery efforts*. We plan to further strengthen our in-house research and development capabilities by continuing to invest in the early discovery of small-molecule innovative drugs and biologics. Leveraging our ophthalmic small-molecule discovery platform, we aim to expand and optimize our pipeline with differentiated candidates and support our long-term sustainable growth.

- *Advance and expand our pipeline for posterior segment eye diseases*. We plan to continue to advance and expand our posterior segment programs, with a focus on developing a portfolio of product candidates that feature advanced technological differentiation, address significant clinical needs and offer substantial market potential. By deepening our presence across key posterior segment indications and advancing the development our posterior segment product candidates, we aim to strengthen our competitive position in the posterior segment and support sustainable long-term growth.

- *Refine our advanced formulation development platform and extend applications*. We plan to refine and strengthen our advanced formulation development platform and explore and extend the application of such platform technology across our existing pipeline, such as posterior segment delivery, long-acting injectable formulations and preservative-free multi-dose packaging technologies. In parallel, leveraging our formulation technologies, we intend to pursue a disciplined expansion of our product pipeline and indication of our existing product candidates to maximize the value of our formulation platform and enhance the competitiveness of our product candidates.

- *Explore extension of our molecules to other disease areas*. While our primary focus is on the development of innovative ophthalmology drugs, particularly for the treatment of ocular inflammations, we remain open to opportunities to apply the mechanisms of action of our ophthalmic product candidates to inflammations in other organs. For example, we extended the application of the VVN461 compound to rhinology through development of VVN432, a nasal spray being developed for the treatment of CRS. We plan to continue monitoring and selective pursuing opportunities to expand into disease areas with significant unmet clinical needs and attractive commercial potential.

Establish a commercial-ready, efficient operations and manufacturing system

We plan to systematically establish supply chain and commercialization capabilities in preparation for the launch of our first product.

- *Strengthen supply chain capabilities*. We plan to enhance the resilience, flexibility and scalability of our supply chain to support our long-term growth and commercialization. We intend to deepen and expand our collaborations with reputable contract manufacturing organizations with robust quality management systems and Good Manufacturing Practice (GMP) compliance in our target markets. In addition, we may strategically invest in establishing in-house manufacturing capabilities, which we believe will provide better control over critical production processes and intellectual property, support late-stage clinical and commercial-scale supply and enable us to capture a greater share of the long-term economic value of our products.

- *Establish a specialized commercialization team*. We are designing a lean, highly professional commercialization team to support the launch of our Core Products. We plan to concentrate on influential Grade IIIA hospitals, focusing on key ophthalmology centers and opinion leaders. We aim to achieve efficient resource allocation, provide high-quality academic education and service through this targeted commercialization approach, laying a solid foundation for the launch of other product candidates. We plan to use approximately [5]% of the [**REDACTED**] from the [**REDACTED**], or approximately [**REDACTED**], for the establishment of in-house commercialization team and marketing activities. See "Future Plans and Use of [**REDACTED**]."

- *Explore diversified collaboration models*. We plan to pursue strategic commercial collaborations with leading Chinese pharmaceutical companies with strong marketing and distribution networks in the ophthalmology field for the commercialization of certain product candidates. We may consider engaging contract sales organizations and entering into other co-promotion or licensing arrangements. We expect these collaboration models to complement our in-house commercialization capabilities to maximize the clinical and commercial value of our products, accelerate market penetration and rapidly achieve broad coverage.

Pursue international expansion and organic collaborations opportunities to maximize our products' global commercial value

We are actively advancing the international development of our product candidates. Alongside our independent efforts to develop VVN461(HD) in both China and the United States, we plan to actively explore international collaboration opportunities for our product candidates. By leveraging collaborating partners' clinical, regulatory and commercial capabilities, we intend to accelerate development and commercialization of our product candidates in major global markets, enhance market access and realize the full commercial potential of our product candidates worldwide. We also plan to establish strategic partnerships with leading biotechnology companies and research institutions globally to license in novel technologies and innovative products in ophthalmology and related fields, continuously enriching our product pipeline. We expect this coordinated approach to maximize the global commercial value of our products, deepen our presence in international markets and move steadily toward our vision of becoming a competitive pioneer in innovative ophthalmic therapies.

OUR PRODUCT CANDIDATES

Our Pipeline

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. The following chart summarizes our product pipeline as of the Latest Practicable Date. We hold full development and commercialization rights to our product pipeline with respect to the product candidates' formulations and disease areas.

Program	Mechanism of Action	Formulation	Indication	Patient Population	Commercial Rights	Planned Commercialization Jurisdiction	Regulatory Authority	Preclinical	IND Approval	Clinical			NDA Approval	Expected Near-Term Milestone
										Phase I	Phase II	Phase III		
VVN461(HD)★	JAK1/TYK2	Eye drop	NIAU	Adults	Global[1]	China	NMPA							Complete Phase III in 1H 2027
						U.S.	FDA							IND amendment in Q4 2026[2]
			SS-DED	Adults		China	NMPA							Commence Phase II in Q4 2026[3]
			Scleritis			U.S.	FDA							Commence IIT in Q4 2026[4]
			oGVHD	**Adults**		U.S.	FDA							Commence IIT in Q4 2026[4]
			Pediatric uveitis	Children		To be determined	To be determined							Timing of clinical trial to be determined[5]
			VKC	Children and teenager		China	NMPA							IND application in Q4 2026[6]
VVN001★	LFA-1	Eye drop	Moderate-to-severe DED	Adults	Global	China	NMPA							Complete Phase III in 1H 2027
						U.S.	FDA[7]							Timing of Phase III to be determined
VVN461(LD)	JAK1/TYK2	Eye drop	Postoperative ocular inflammation	Adults	Global[1]	U.S.	FDA[8]							Timing of Phase III to be determined
VVN432	JAK1/TYK2	Nasal spray	CRS	Adults	Global[1]	China	NMPA							Complete Phase I in Q4 2026
VVN1901	rhNGF	Eye drop	Stage 2 to Stage 3 NK	Adults	Global	China	NMPA							Complete Phase II in 2028

★ Core Product

■ Milestones achieved

Clinical trial phases marked as ////: are not required by the NMPA or FDA, as applicable

CRS: chronic rhinosinusitis

DED: dry eye disease

NIAU: non-infectious anterior uveitis

NK: neurotrophic keratitis

oGVHD: ocular graft-versus-host disease

SS-DED: Sjögren's syndrome–related DED

VKC: vernal keratoconjunctivitis

JAK1: Janus kinase 1

LFA-1: lymphocyte function-associated antigen-1

rhNGF: recombinant human nerve growth factor

TYK2: tyrosine kinase 2

Notes:

(1) In February 2021, we entered into an asset transfer and license agreement (as supplemented on February 10, 2021 and January 29, 2024 and amended and restated on February 6, 2026) with E-nitiate. Pursuant to such agreement, we transferred, among others, intellectual property and other rights in the compound underlying VVN461 and VVN432 to E-nitiate and E-nitiate granted us, among others, an exclusive, perpetual and irrevocable license to develop, manufacture and commercialize such compound (other than with respect to oral dosage formulation) in the ophthalmology (effective on and from February 10, 2021) and rhinology (effective on and from January 29, 2024) fields globally. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate."

(2) We had a Type C meeting with the FDA in November 2025, during which the FDA confirmed our plan to directly initiate a Phase III clinical trial (*i.e.*, no additional Phase I and Phase II clinical trials needed) of VVN461(HD) in the United States for the treatment of NIAU. We plan to submit an IND amendment in the fourth quarter of 2026 and directly commence such Phase III clinical trial in the first half of 2027. See "—Our Product Candidates—Our Core Products—VVN461(HD)—Non-Infectious Anterior Uveitis (NIAU)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products."

(3) We obtained an IND approval from the NMPA to directly initiate a Phase II clinical trial (*i.e.*, no additional Phase I clinical trial needed) of VVN461 for the treatment of SS-DED by leveraging the Phase I clinical trial results of VVN461 in China. See "—Our Product Candidates—Our Core Products—VVN461(HD)—Sjögren's Syndrome–Related DED (SS-DED)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the PRC—Laws and Regulations in Relation to New Drug—Conduct of Clinical Trial."

(4) We plan to collaborate with academic research institutions in the United States to commence investigator-initiated trials (IIT) of VVN461 for the treatment of scleritis and oGVHD in the fourth quarter of 2026. We plan to submit IND amendments to the FDA for directly initiating registration-enabling pivotal clinical trials of VVN461 in the United States for these indications by leveraging the IIT results.

(5) We intend to develop VVN461(HD) for the treatment of pediatric uveitis. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

(6) We intend to develop VVN461(HD) for the treatment of VKC. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

(7) Based on communications with the FDA, we directly commenced a Phase II clinical trial of VVN001 in the United States by leveraging our preclinical study results, including satisfactory safety data. See "—Our Product Candidates—Our Core Products—VVN001—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products." We completed such Phase II clinical trial in April 2022.

(8) Based on communications with the FDA, we directly commenced a Phase II clinical trial of VVN461 for the treatment of postoperative ocular inflammation in the United States by leveraging the Phase I clinical trial results of VVN461 in China. See "—Our Product Candidates—Our Other Product Candidates—VVN461(LD)—Material Communications and Next Steps" and "Regulatory Overview—Overview of Laws and Regulations in the United States—Laws and Regulations in Relation to New Drug—U.S. Government Regulation of Drug and Biological Products." We completed such Phase II clinical trial in October 2024.

Our Core Products

VVN461(HD)

VVN461(HD), the high-dosage formulation (1.0%) of VVN461 eye drop, is a novel selective JAK1/TYK2 inhibitor with sub-nanomolar potency. VVN461 combines "steroid-like" anti-inflammatory efficacy with a favorable safety profile that avoids the typical adverse effects associated with corticosteroids. Our VVN461(HD) is potentially the world's first JAK inhibitor eye drop. Based on efficacy results in the Phase II clinical trial, our VVN461(HD) for the treatment of NIAU received BTD from the NMPA, recognizing its therapeutic prospect and enabling a potentially expedited approval process. According to Frost & Sullivan, VVN461 is the first eye drop to receive the BTD in China.

As JAK pathway plays a key role in inflammatory responses, JAK1/TYK2 inhibitors have the potential to address a broad spectrum of ocular surface inflammatory conditions through targeted modulation of key cytokine signaling pathways. As of the Latest Practicable Date, we were

developing VVN461(HD) for six indications: non-infectious anterior uveitis (NIAU) as the lead indication, Sjögren's syndrome–related DED (SS-DED), scleritis, ocular graft versus host disease (oGVHD), pediatric uveitis and vernal keratoconjunctivitis (VKC).

- *NIAU*. We obtained an IND approval from the NMPA for VVN461 for the treatment of NIAU in January 2023. We completed a Phase I clinical trial of VVN461 in China in December 2023 and a Phase II clinical trial of VVN461 in NIAU patients in China in February 2025. We commenced a Phase III clinical trial in NIAU patients in China in November 2025. We plan to submit an IND amendment to the FDA in the fourth quarter of 2026 for directly initiating a Phase III clinical trial in NIAU patients by leveraging the Phase II clinical trial results of VVN461 in China for the treatment of NIAU.

- *SS-DED*. We obtained an IND approval from the NMPA for directly commencing a Phase II clinical trial of VVN461 for the treatment of SS-DED in November 2025.

- *Scleritis*. We plan to collaborate with an academic research institution in the United States to commence an IIT of VVN461 in scleritis patients in the fourth quarter of 2026.

- *oGVHD*. We plan to collaborate with an academic research institution in the United States to commence an IIT of VVN461 in oGVHD patients in the fourth quarter of 2026.

- *Pediatric uveitis*. We intend to develop VVN461(HD) for the treatment of pediatric uveitis. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

- *VKC*. We intend to develop VVN461(HD) for the treatment of VKC. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

In February 2021, when VVN461 was still an early-stage preclinical asset, we entered into an asset transfer and license agreements with E-nitiate, our associate. Pursuant to such agreements, we transferred, among others, intellectual property and other rights in the compound underlying VVN461 to E-nitiate and E-nitiate granted us, among others, an exclusive, perpetual and irrevocable license to develop, manufacture and commercialize VVN461 eye drop in the ophthalmology fields globally. As a result of such arrangement, we hold exclusive global rights to develop, manufacture and commercialize VVN461(HD) eye drop in the ophthalmology and rhinology fields. Hence, we have full, irrevocable and unencumbered control over the R&D activities, future development plan and commercialization activities of VVN461(HD) eye drop. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate."

Despite our arrangement with E-nitiate, we independently developed VVN461(HD) from discovery and preclinical studies to Phases I, II and III clinical trials. We did not rely on any material R&D conducted by E-nitiate and did not employ any personnel from E-nitiate for the development of VVN461(HD). We conducted preclinical studies of VVN461 before the transfer and licensing arrangements in February 2021 and completed preclinical studies and Phase I and Phase II clinical trials of VVN461 subsequent to the arrangements.

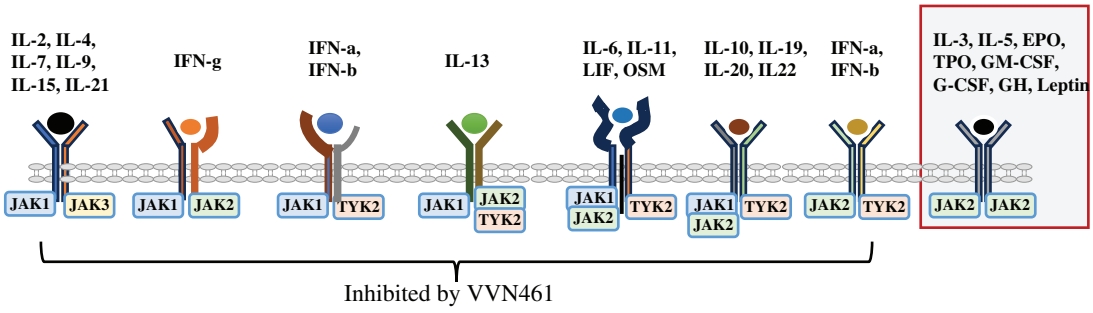
Mechanism of Action

VVN461 is a selective inhibitor of JAK1 and TYK2 designed to treat ocular inflammation by blocking key intracellular signaling pathways that drive cytokine-mediated inflammatory responses in the eye. Many ocular inflammatory conditions are driven by an exaggerated immune response at the ocular surface or within intraocular tissues. In these settings, immune and resident cells in the eye produce elevated levels of proinflammatory cytokines. These cytokines bind to their receptors on the surface of cells in the eye and immune system, triggering intracellular signaling pathways that increase expression of genes involved in inflammation, tissue damage and chronic disease.

A central part of this signaling machinery involves the JAK family of enzymes. JAKs are intracellular proteins inside the cell membrane, associated with cytokine receptors. When a cytokine binds to its receptor, the receptor brings JAK proteins together and activates them. Activated JAKs then switch on another group of proteins called signal transducers and activators of transcription (STATs), which modulate intracellular activity including gene expression. In inflammatory eye disease, this JAK-STAT pathway helps drive the production of multiple inflammatory mediators, adhesion molecules and other factors that contribute to redness, pain, swelling, disruption of the tear film and, in some cases, damage to ocular tissues.

Among the JAK family, JAK1 and TYK2 are key regulators for several major proinflammatory cytokines that are believed to be relevant in ocular inflammation. JAK1 cooperates with other JAK family members (JAK2, JAK3 and TYK2) to mediate signaling by cytokines such as interleukin-2 (IL-2), IL-6, IL-10, IL-15 and interferons (IFN), including IFN-γ, IFN-α and IFN-β. TYK2 also plays a critical role downstream of receptors for IL-12, IL-17 and IL-23, cytokines that are involved in the differentiation and maintenance of T cell subsets implicated in chronic inflammation. Because these cytokines have been linked to a range of ocular inflammatory conditions, JAK1 and TYK2 occupy a strategic position in the network of signals that sustain inflammation on the ocular surface and within intraocular structures.

VVN461 is designed to selectively inhibit JAK1 and TYK2, thereby interrupting this signaling cascade at an early stage. By blocking JAK1/TYK2 activity, VVN461 is expected to reduce activation of STAT proteins and consequently decrease the expression of multiple genes associated with inflammation. Rather than targeting a single cytokine, this mechanism acts on a shared pathway used by several cytokines involved in ocular immune responses. As a result, VVN461 has the potential to inhibit a broad range of proinflammatory signals thought to contribute to ocular inflammation diseases such as NIAU, SS-DED, scleritis, oGVHD, pediatric uveitis and VKC. The following diagram illustrates the mechanism of action of VVN461.



VVN461 is formulated for local administration to the eye. Delivering the drug directly to the ocular surface is intended to achieve high concentrations at the site of disease while limiting systemic exposure. This local approach is designed to support an improved benefit-risk profile compared with systemic JAK inhibition and to offer a non-steroidal alternative for the management of ocular inflammation. The aim is to provide effective, targeted suppression of pathogenic inflammatory pathways in the eye while potentially avoiding the adverse effects associated with long-term steroid therapy.

Our Advantages

We believe our VVN461(HD) has the following advantages:

- *Potency.* As a dual-target inhibitor of JAK1 and TYK2, our VVN461 demonstrated, in our *in vitro* preclinical studies, potent inhibition of both JAK1 and TYK2 at kinase level and cellular level, with *in vitro* IC_{50} value (a key measure indicating the concentration of a drug needed to inhibit a specific biologic process by 50%) of 0.08nM for JAK1 and 0.55nM for TYK2, and cellular IC_{50} value of 0.02 nM and 7.98 nM, respectively.

- *Efficacy.* In our head-to-head Phase II clinical trial of VVN461 in NIAU patients in China, VVN461(HD) demonstrated anti-inflammatory efficacy comparable to that of corticosteroids. In particular, in such trial, the proportion of patients achieving an improvement of at least 2 grades in anterior chamber cell scores from baseline at day 14 was 96.55% and 77.78% in the 1.0% VVN461 group and corticosteroid control group, respectively.

- *Safety.* Unlike traditional corticosteroids, which broadly suppress multiple pathways and involve multiple non-inflammatory functions, VVN461 is designed to selectively inhibit specific inflammatory pathways while minimizing disruption of normal physiological functions, such as processes involved in maintaining intraocular pressure, lens clarity and corneal integrity. Therefore, VVN461 can potentially avoid the typical adverse effects associated with corticosteroids, such as increased intraocular pressure (increased pressure inside the eye), cataract formation (clouding of the lens that may affect vision) and corneal damage (damage to the surface of the eye). In addition, the relatively low systemic exposure of eye drops also helps offset the safety risks associated with systemic use of JAK inhibitors.

- *Flash transmucosal delivery system.* With improved solubility utilizing our flash transmucosal delivery system, more drug substance of VVN461 can be delivered within the small volume that can be retained on the ocular surface, thereby increasing the amount of active drug available for corneal penetration and therapeutic effect. Furthermore, by optimizing ionic strength, adjusting the ratio of osmotic pressure regulators and employing an advanced formulation inclusion process, we have improved the compatibility of the formulation with ocular surface mucins and enhanced bioavailability, resulting in outstanding drug concentration within anterior segment tissues in our preclinical *in vivo* studies.

- *Broad coverage.* As its highly selective inhibition of JAK1 and TYK2 enables simultaneous modulation of T helper 1 cell (Th1), Th2 and Th17-type immune responses, VVN461 provides broad coverage of inflammatory cytokine pathways, with potentials to treat a broad range of ocular inflammatory conditions, including NIAU, SS-DED, scleritis, oGVHD, pediatric uveitis and VKC.

- *Expedite commercialization process.* Our VVN461(HD) is potentially the world's first JAK inhibitor eye drop. It received the BTD for the treatment of NIAU from the NMPA in June 2025, recognizing its therapeutic prospect and enabling a potentially expedited approval process. Our parallel development plan of VVN461(HD) in both China and the United States across a range of indications also provides opportunities for accelerated global commercialization process and indication expansion by leveraging existing clinical trials results for regulatory filings in different jurisdictions and for different indications.

Non-Infectious Anterior Uveitis (NIAU)

NIAU is a subtype of uveitis. It is ocular inflammation of the front part of the eye that is not caused by an infection, which can cause pain, redness, light sensitivity, tearing, floaters and decreased vision. It is a potentially sight-threatening condition that can lead to long-term structural damage and loss of vision if not diagnosed and treated promptly. NIAU is frequently associated with underlying autoimmune conditions or other systemic diseases and often requires specialist assessment and ongoing management.

Inflammation of the anterior segment of the eye in NIAU often has a complex underlying cause, including autoimmune diseases, and may be accompanied by other comorbidities. NIAU is the most common uveitis type, frequently linked to conditions like spondyloarthritis or idiopathic,

requiring thorough workup and careful evaluation to find underlying causes. The need for treatment is often urgent, as the underlying inflammatory mechanisms may permanently alter the structure and function of the eye if inadequately controlled.

Market Opportunity and Competition

Uveitis is one of the leading causes of blindness worldwide, particularly in young adults. According to Frost & Sullivan, NIAU ranks among the five most common causes of blindness in high-income countries. According to Frost & Sullivan, the global NIAU patient population was 33.3 million in 2025 and is estimated to increase to 36.7 million by 2035. This expanding patient base is translating into meaningful growth of the NIAU drug market. The global NIAU drug market increased from US$1,604.7 million in 2021 to US$1,925.2 million in 2025 and is estimated to further grow to US$3,916.9 million in 2035, driven by the increasing adoption of long-term pharmacological treatment and the adoption and penetration of higher-value therapies. China represents one of the most attractive and fastest-growing NIAU markets globally. According to Frost & Sullivan, there were 2.9 million NIAU patients in China in 2025. Driven by the expanding patient base, improving diagnosis rates and rising treatment penetration which translate into increasing demand for pharmacological interventions, including higher-value therapeutic options, the NIAU drug market in China is estimated to increase from US$204.7 million in 2025 to US$1,053.6 million in 2035.

Despite the size and growth prospects of the NIAU market, competition remains relatively limited. Treatment of NIAU are primarily focused on suppressing the autoimmune response. Treatment is still largely based on corticosteroids administered topically, periocularly or, in some cases, systemically. Although corticosteroids are generally effective in reducing inflammation, their use is associated with well-recognized safety concerns. In addition to corticosteroids, NIAU treatments have expanded to include immunosuppressants and biologics. While immunosuppressants, as corticosteroid-sparing therapies, have been demonstrated to be effective in NIAU associated with systemic disease, these drugs may be related to serious systemic adverse toxic effects. Biologics are effective for NIAU but have various limitations, including high cost, increased risk of severe infections, administration burden from infusions or injections, variable response, requirements for regular laboratory monitoring and limited long-term safety data. There is therefore a clear need for an effective and convenient anti-inflammatory therapy for NIAU that maintains robust control of inflammation without the adverse events associated with existing standard treatments.

As of the Latest Practicable Date, no innovative drug had been approved for NIAU and there were three active innovative drug candidates at Phase II or beyond outside China. The following table sets forth details of active innovative drug candidates for NIAU at Phase II or beyond outside China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Stage	First Post Time
TRS01	TLR4/NRP1/ACE2	Tarsier Pharma	Phase III	2021/9
Brepocitinib	JAK1/TYK2	Priovant Therapeutics	Phase III	2024/5
ABY-035	IL17A	Acelyrin	Phase II	2021/1

Source: Frost & Sullivan report, ClinicalTrials.gov, FDA

As of the Latest Practicable Date, no innovative drug had been approved for NIAU treatment and there were two active innovative drug candidates at Phase II or beyond in China, including our VVN461. The following table sets forth details of active innovative drug candidates for NIAU at Phase II or beyond in China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Clinical Stage	First Post Time
VVN461	**JAK1/TYK2**	***our Company***	**Phase III**	**2025/9**
FXS5626	JAK1/TYK2	Accro	Phase II	2025/12

Source: Frost & Sullivan report, CDE

Summary of Clinical Trials

We commenced a Phase I clinical trial of VVN461 in healthy subjects in China in March 2023 and completed such trial in December 2023. We commenced a Phase II clinical trial of VVN461 in China in patients with NIAU in November 2023 and completed such trial in February 2025. We commenced a Phase III clinical trial in patients with NIAU in China in November 2025. We expect to complete such trial in the first half of 2027.

Ongoing Phase III Clinical Trial

- *Trial design.* This is a multicenter, randomized, single-masked, active-controlled Phase III clinical trial in patients with NIAU to evaluate the efficacy and safety of 1.0% VVN461 eye drop. The primary endpoint assesses the change from baseline in anterior chamber cell score (ACC score) in the study eye at day 14. The key secondary endpoint assesses the proportion of patients whose study eye achieves an ACC score of 0 at day 14. Other secondary endpoints include proportions of participants with at least a two-grade decrease in ACC score at days 14 and 28; proportion of participants with anterior chamber flare (ACF) grade 0 at days 14 and 28; change from baseline in ACC score at day 28; proportion of participants with ACC score 0 at day 28; proportion of participant who need rescue treatment; time to first recovery of ACC score 0 in the study eye; and change from baseline in ACF score.

  We plan to enroll a total of 152 participants, with 76 participants randomized to each of the 1.0% VVN461 group (study group) and the 1% prednisolone acetate group (control group). Each participant will receive one drop of VVN461 or prednisolone acetate in the study eye for 28 days as follows: six times daily (*quaque secunda hora*, or Q2h) from day 1 to day 7, four times daily (*quater in die*, or QID) from day 8 to day 14, twice daily (*bis in die*, or BID) from day 15 to day 21, and once daily (*quaque die*, or QD) from day 22 to day 28. After the last dose, participants will attend an end-of-treatment visit on day 28 and a safety follow-up visit on day 35. Participants are assessed at screening (day -2 and day -1), baseline (day 1), days 7, 14, 21 and 28 and a safety follow-up at day 35.

- *Trial status.* As of the Latest Practicable Date, we had completed subject enrollment and a total of 154 patients were enrolled.

Phase II Clinical Trial

- *Trial design*. This trial was a multicenter, randomized, double-masked, active-controlled, non-inferiority Phase II clinical trial of VVN461 in patients with NIAU. The objective was to evaluate the efficacy and systemic and ocular safety of 0.5% and 1.0% VVN461 eye drops in patients with NIAU. The primary efficacy endpoint was the proportion of patients achieving an improvement of at least 2 grades from baseline to day 14 in ACC score in the study eye. The key secondary endpoint was the proportion of patients with an ACC score of 0 in the study eye at day 14.

We planned to enroll 120 patients, with 40 patients in each of 0.5% VVN461 group, 1.0% VVN461 group and 1% prednisolone acetate (active control) group. The study comprised a 28-day treatment period, during which all patients would receive one drop of VVN461 or control drug in the study eye six times daily (Q2h) for seven days, QID for seven days, BID for seven days and QD for seven days. Patients would return for assessments on days 3, 7, 14, 21 and 28.

- *Trial status*. The trial was initiated in November 2023 and completed in February 2025. Based on the satisfactory interim efficacy data and the absence of any material safety concerns, we believed that the exploratory objectives of this Phase II trial have been fulfilled. We then decided to end the Phase II in advance and discontinued patient enrollment in December 2024. As a result, a total of 86 patients were enrolled and randomized (27, 31 and 28 in the 0.5% VVN461, 1.0% VVN461 and active control groups, respectively).

- *Efficacy*. The primary efficacy endpoint, the proportion of patients achieving an improvement of at least 2 grades in ACC scores from baseline at day 14, was 92.59%, 96.55% and 77.78% in the 0.5% VVN461, 1.0% VVN461 and prednisolone acetate groups, respectively. Both VVN461 dose groups met the predefined non-inferiority margin versus prednisolone acetate, and 1.0% VVN461 met the predefined superiority margin versus prednisolone acetate. The key secondary endpoint, the proportion of patients with an ACC score of 0 at day 14, was 48.15% (p=0.584), 62.07% (p=0.110) and 40.74% in the 0.5% VVN461, 1.0% VVN461 and prednisolone acetate groups, respectively, showing clear trend of superior efficacy compared to the control group.

- *Safety*. VVN461 demonstrated a satisfactory safety and tolerability profile in this study. Among 83 participants in the safety set, 35 participants (42.2%) experienced 47 incidents of treatment-emergent adverse events (TEAEs), among which 12 incidents of TEAEs were treatment-related, including 4 (14.81%) in the 0.5% VVN461 group, 7 (24.14%) in the 1.0% VVN461 group and 1 (3.70%) in the 1% prednisolone acetate group. All treatment-related TEAEs were confined to the study eye. No SAE was reported in the study. All TEAEs were mild or moderate in severity and resolved or improved without permanent discontinuation of study drug.

- *Conclusion.* Both the 0.5% and 1.0% VVN461 eye drops demonstrated statistically significant improvement in anterior chamber inflammation, and each was non-inferior to 1% prednisolone acetate. In addition, the 1.0% VVN461 achieved superiority to 1% prednisolone acetate on the primary efficacy endpoint. Clinical improvement was observed as early as day 3 after initiation of treatment for both VVN461 groups, with the 1.0% VVN461 showing numerically better performance than the 0.5% VVN461 on certain efficacy measures, suggesting a dose-dependent relationship. VVN461 also demonstrated satisfactory safety and tolerability at both dose levels in this trial.

Phase I Clinical Trial

- *Trial design*. This trial was a single-center, randomized, double-masked, vehicle-controlled, dose-escalation Phase I clinical study to evaluate the safety, tolerability, and PK profile of 0.25%, 0.5% and 1.0% VVN461 eye drop in healthy adults. The primary objective was to assess the safety and tolerability of VVN461 following single and multiple doses in healthy adults. Secondary objectives were to (i) evaluate detectable blood concentrations of VVN461 after administration and (ii) if sufficient systemic exposure was detected, characterize the PK profile of these concentrations in healthy adult subjects.

We planned to enroll 30 healthy adults, with 10 individuals in each concentration group (0.25%, 0.5% and 1.0%). Within each group, ten individuals were randomized in a ratio of 8:2 to receive VVN461 or vehicle control. The study included a single-dose administration phase (day 1), a QID dosing phase (day 2 to 5) and a six times daily (Q2h) dosing phase (day 6 to 9) before discharge and a follow-up period.

For each administration, each participant receive one drop of VVN461 or placebo (vehicle) in the right eye. All dosing procedures would be performed during the inpatient period at the clinical research center, and subjects would be discharged after completing the required assessments on day 10. All subjects would return for a single follow-up visit on day 16 (±1 day). The trial would proceed from one concentration level to the next only if safety of the previous concentration level was confirmed.

- *Trial status.* The clinical trial was initiated in March 2023 and completed in December 2023. A total of 30 participants were enrolled.

- *Safety.* VVN461 demonstrated a satisfactory safety and tolerability profile in this study. Among the 30 participants in safety set (SS), 3 participants (10.0%), including 1 in the vehicle control group, 1 in the 0.25% VVN461 group and 1 in the 0.5% VVN461 group, reported a total of 4 incidents of TEAEs, all of which were treatment related. The TEAEs included one moderate AE (herpes zoster), which is also an AE of special interest leading to permanent treatment discontinuation, and three mild AEs.

- *PK.* The below-qualification-limit (BQL) proportion, or the proportion of participants with below the qualification limit blood concentration, for the 0.25% VVN461 group, 0.5% VVN461 group and 1.0% VVN461 group was 84.7%, 90.3% and 45.8% in the single-dose phase, respectively, 77.8%, 76.4% and 43.1% in the QID phase, respectively, and 90.5%, 77.8% and 41.7% in the Q2h phase, respectively. Across the three concentration levels, systemic exposure (C_{max} and AUC) generally increased with dose, although dose proportionality was not apparent. No apparent systemic accumulation of VVN461 was observed after repeated administration.

- *Conclusion.* In this trial, VVN461 demonstrated a satisfactory safety profile and low, non-dose-proportional systemic exposure.

Material Communications and Next Steps

We obtained an umbrella IND approval of Phase I, Phase II and Phase III clinical trials of VVN461 for the treatment of NIAU from the NMPA on January 13, 2023. See "Regulatory Overview—Overview of Laws and Regulations in the PRC—Laws and Regulations in Relation to New Drugs—Conduct of Clinical Trial." We commenced a Phase I clinical trial in China in March 2023, which was completed in December 2023. We commenced a Phase II clinical trial of VVN461 in NIAU patients in China in November 2023, after we obtained topline results of the Phase I clinical trial but before completing the clinical trial report. We completed the Phase II clinical trial in February 2025. We conducted a pre-Phase III meeting with the NMPA on July 23, 2025 and submitted, among others, key results from all prior trial phases and the Phase III clinical trial design. The NMPA's raised no material questions and confirmed that it had no objections to the commencement of the Phase III clinical trial during the pre-Phase III meeting. As of the Latest Practicable Date, we were conducting the Phase III clinical trial of VVN461(HD) in NIAU patients in China.

We plan to complete such trial in the first half of 2027. In addition, we had a Type C meeting, which is a formal discussion meeting, with the FDA on November 6, 2025 to discuss our clinical development plan of VVN461(HD) for the treatment of NIAU in the United States. A Type C meeting is a category of formal meeting with the FDA that allows a sponsor to seek the FDA's advice on specific clinical, non-clinical or manufacturing issues during the development of a drug

candidate. It is typically used to discuss matters that require the FDA's input but are not tied to a particular milestone in the drug candidate's development. The FDA, having reviewed, among other things, the results of our Phase I and Phase II clinical trials of VVN461 in China and our Phase II clinical trial of VVN461 in the United States, agreed that, since we had obtained an IND approval of VVN461 for the treatment of postoperative ocular inflammation in November 2023, we could directly initiate a Phase III clinical trial of VVN461(HD) in NIAU patients in the United States after submission of an IND amendment to add NIAU as a new indication of VVN461. We plan to submit such IND amendment in the fourth quarter of 2026.

As of the Latest Practicable Date, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

Sjögren's Syndrome–Related DED (SS-DED)

SS-DED is a chronic, autoimmune-driven form of dry eye that occurs in the setting of Sjögren's syndrome and is typically more severe than non-Sjögren's DED. As the immune system attacks the tear-producing glands and the surface of the eye, people with SS-DED often have very little or poor-quality tears and ongoing inflammation. This leads to blurred vision, ocular discomfort and corneal epithelial damage, often accompanied by corneal staining positivity and elevated tear film osmolarity.

Diagnosis of SS-DED is challenging, because dry eye symptoms are common and may arise from aging, environmental factors or other ocular and systemic disorders. Accurate identification therefore relies on combining symptom assessment with tear function tests, ocular surface staining and, where appropriate, evaluation for systemic Sjögren's syndrome.

Market Opportunity and Competition

According to Frost & Sullivan, the patient population of SS-DED in China amounted to 113.2 million in 2025. There is currently no cure for SS-DED, and available therapies mainly aim to control disease progression, alleviate symptoms and reduce complications rather than reverse the underlying autoimmune process. Current treatment primarily include artificial tears, anti-inflammatory agents such as non-steroidal anti-inflammatory drugs and corticosteroids, adjunctive physical intervention such as use of humidifier and moisture chamber goggles and, in more severe cases, punctual occlusion. However, current corticosteroids therapy for SS-DED is associated with notable limitations. In particular, long-term use elevates risks of ocular complications including intraocular pressure elevation and even cataract formation, and systemic use may cause high blood sugar and immunosuppression. Therefore, there are substantial unmet needs for safe and effective therapies that can better control the Sjögren's syndrome, relieve dry eye and improve patients' quality of life.

As of the Latest Practicable Date, there were no drug approved for SS-DED and no clinical-stage SS-DED drug candidates in China. However, with the further research on immune system diseases and dry eye treatment, the SS-DED drug market in China is estimated to reach US$370.4 million by 2035.

Summary of Clinical Trials

We completed a Phase I clinical trial of VVN461 in healthy subjects in China in December 2023. In this trial, VVN461 was safe and well-tolerated in healthy subjects at each of 0.25%, 0.5% and 1.0% dose levels. See "—Non-Infectious Anterior Uveitis (NIAU)—Summary of Clinical Trials—Clinical Trials in China—Phase I Clinical Trial" for details.

Material Communications and Next Steps

As we completed a Phase I clinical trial of VVN461 in healthy subjects in China in December 2023, we obtained an IND approval from the NMPA on November 26, 2025 for directly commencing a Phase II clinical trial of VVN461 for the treatment of SS-DED. We plan to commence the Phase II clinical trial in China in the fourth quarter of 2026. As of the Latest Practicable Date, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

Other Indications

Leveraging VVN461(HD)'s broad anti-inflammatory potential as a JAK1/TYK2 inhibitor, we are also developing VVN461(HD) for scleritis, oGVHD, pediatric uveitis and VKC.

- *Scleritis.* Scleritis is a serious inflammatory disease of the white outer coat of the eye, or the sclera, that can cause severe pain and ocular hyperemia. It is often associated with systemic autoimmune conditions such as rheumatoid arthritis and lupus. People with scleritis typically experience a severe eye pain, scleral hyperemia and tender lumps on ocular surface. Severe cases may lead to scleral thinning, perforation and even permanent blindness. As of the Latest Practicable Date, no drug had been approved by the FDA for the treatment of scleritis. In practice, treatment is stratified by severity and etiology, with common approaches including topical non-steroidal anti-inflammatory drugs and corticosteroids, systemic immunosuppressants and scleral transplantation for patients at risk of perforation. We plan to collaborate with an academic research institution to commence an IIT of VVN461 for the treatment of scleritis in the fourth quarter of 2026. For such IIT, we will provide the study drugs to be used in the IIT and design the trial protocol with the research institution, where the research institution will be responsible for the overall conduct of the study. After completion of such IIT, we plan to submit IND amendments to the FDA for directly commencing a registration-enabling pivotal clinical trial in the United States for the treatment of scleritis.

- *oGVHD.* oGVHD is a complication of allogeneic hematopoietic stem cell transplantation in which donor-derived immune cells attack the tissues of the ocular surface. It typically develops as part of chronic graft versus host disease (GVHD). Common symptoms of oGVHD include dry eye, conjunctivitis and keratitis and severe cases may even lead to blindness. Currently, there is no unified clinical standard for the treatment of oGVHD. Common therapeutic approaches include topical administration of artificial tears, autologous serum eye drops, corticosteroids and immunosuppressants, as well as punctal occlusion and therapeutic contact lenses. We plan to collaborate with an academic research institution to commence an IIT of VVN461 for the treatment of oGVHD in the fourth quarter of 2026. For such IIT, we will provide the study drugs to be used in the IIT and design the trial protocol with the research institution, where the research institution will be responsible for the overall conduct of the study. After completion of such IIT, we plan to submit IND amendments to the FDA for directly commencing a registration-enabling pivotal clinical trial in the United States for the treatment of oGVHD.

- *Pediatric Uveitis.* Pediatric uveitis is a serious inflammatory eye disease that occurs in children, and is often linked to juvenile idiopathic arthritis, a childhood form of autoimmune arthritis. In pediatric uveitis, the immune system mistakenly attacks the uvea, which can lead to redness, eye pain, sensitivity to light, blurred vision and "floaters" in the field of vision. However, in many children, the condition develops quietly with few or no obvious symptoms. Without timely diagnosis and treatment, pediatric uveitis can cause serious complications such as cataracts, glaucoma, swelling of the central retina and even permanent vision loss or blindness. Current treatment

starts with topical corticosteroids for anterior disease and, when needed, adding systemic corticosteroids, systemic immunosuppressants and biologics for intermediate, posterior, panuveitis or refractory cases. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

- *VKC*. VKC is a chronic bilateral ocular disease fundamentally rooted in immune hypersensitivity reactions. It predominantly affects children and adolescents before puberty, with a slightly higher incidence in males. VKC exhibits a strong seasonal correlation, typically manifesting in the early stages of spring and summer, while symptoms generally subside or disappear during autumn and winter. Symptoms primarily include intense, unrelenting itch, often accompanied by sensations of burning, photophobia, tearing and foreign body sensation. The etiology is closely linked to external allergens such as pollen and dust mites. Current treatment focuses on allergen avoidance, artificial tears and topical anti-allergic drops, such as antihistamines, mast cell stabilizers and dual-acting agents. For more severe conditions, topical corticosteroids and long-term immunomodulators such as CsA or tacrolimus are used. Allergen-specific immunotherapy is considered when a clear trigger is identified and conventional therapy fails. However, current treatment is limited by the safety and dependency issues of corticosteroids and the high irritation level of immunomodulators, suboptimal response in many children to standard antihistamines or steroids and poor adherence, highlighting the need for a non-steroidal, targeted, child-friendly maintenance therapy. As of the Latest Practicable Date, we were developing the clinical development plan for such indication.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VVN461(HD) SUCCESSFULLY.

VVN001

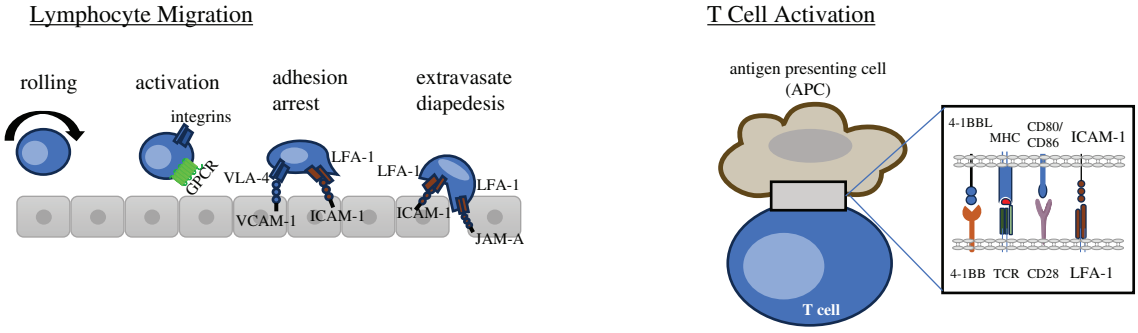
VVN001, a second-generation antagonist of LFA-1, is an innovative eye drop for the treatment of dry eye disease (DED). DED is a multifactorial disease of the ocular surface characterized by an unstable tear film and tear hyperosmolarity (*i.e.*, less water and more salt in the tears). This imbalance triggers inflammation, which damages cells on the surface of the eye and impairs the function of the tear glands, further breaking down the tear film and reducing tear production in a vicious cycle that worsens symptoms such as redness, irritation and discomfort. Controlling this chronic inflammation is therefore a key goal in the treatment of DED.

The chronic inflammation on the ocular surface and periocular tissues is characterized by the activation and migration of T cells to the inflamed tissues. Elevated levels of inflammatory cytokines expressed by T cells have been profiled in the tear film of patients with aqueous-deficient or evaporative-loss DED. LFA-1 is an adhesion protein found on the surface of lymphocytes such as T cells that plays an important role in causing inflammation on the surface of the eye. The interaction of LFA-1 with its ligand intercellular adhesion molecule 1 (ICAM-1) triggers and maintains inflammation in DED.

We obtained IND approvals from the FDA and the NMPA for VVN001 for the treatment of DED in October 2020 and March 2021, respectively. We commenced a Phase I clinical trial of VVN001 in China in August 2021 and completed such trial in December 2021. We commenced a Phase II clinical trial in the United States in November 2021 and completed such trial in April 2022 and a Phase II clinical trial in China in December 2022. Following completion of the Phase II clinical trial, we conducted additional studies for process improvement, such as optimizing the API form and manufacturing process, such as impurity and scale-up controls, to enhance the overall quality profile of VVN001, so as to enhance its efficacy and safety. We commenced a Phase III clinical trial in China in June 2024.

Mechanism of Action

VVN001, as an LFA-1 antagonist, is designed to address DED by blocking a crucial step in the inflammatory response on the eye's surface. In DED, inflammatory signals (chemokines) activate LFA-1 proteins on the surface of immune T cell, and LFA-1 then mediates the emigration of T cells from blood vessels to the injured tissues. Furthermore, LFA-1 also plays an important role in T cell activation by adhering T cells to antigen presenting cells, such as dendritic cells. Overactivated T cells release inflammatory cytokines that cause ongoing tissue (cornea and conjunctiva) inflammation and damage. LFA-1 antagonists work by blocking the interaction between two proteins, LFA-1 on immune cells and ICAM-1 on the surface of epithelial cells of blood vessels. LFA-1 antagonists thus reduce the activation and movement of T cells to cornea and conjunctiva and lower the release of inflammatory mediators. Through this targeted action, VVN001 is intended to calm the chronic inflammation that drives DED and to improve both the clinical signs and the symptoms experienced by patients. The following diagram illustrates the mechanism of action of VVN001.



Market Opportunity and Competition

DED is one of the most prevalent ophthalmic diseases in China and globally and is increasingly recognized as a chronic, progressive disease that can materially impair quality of life and work productivity. According to Frost & Sullivan, the global DED patient population is expected to increase from 1.7 billion in 2025 to 1.8 billion in 2035 while the DED patient population in China is expected to increase from 360.5 million in 2025 to 373.4 million in 2035. Moderate-to-severe DED accounts for approximately 40% of the overall DED patients, and is associated with significant pain, limitations in performing daily activities, reduced vitality, poor general health and often depression. The chronic nature of the condition, together with high unmet need in patients with moderate-to-severe disease, underpins sustained demand for effective, long-term pharmacological treatment options.

DED is a complex ocular surface multifactorial disease affecting tear volume, flow and/or composition, and therefore effective management often requires therapies that address different mechanisms, allowing ophthalmologists and patients to alternate different treatment options to find the ones suitable for individual cases in clinical practice. Current treatment patterns remain dominated by artificial tears and lubricants, particularly in China. However, they can provide only temporary symptomatic relief but cannot address the pathological causes of the disease, and their effect is often limited in mild DED. For moderate-to-severe cases, there is substantial demand for more effective ophthalmic drugs targeting underlying pathophysiological causes of DED given its chronicity. Treatment options for moderate-to-severe DED remain relatively limited and are often associated with delayed onset of action, tolerability issues and suboptimal adherence, contributing to significant unmet medical needs.

Accordingly to Frost & Sullivan, driven by the increasing prevalence, patient awareness and penetration of long-term pharmacological treatments, the global drug market for moderate-to-severe DED grew from US$1,156.9 million in 2021 to US$1,404.2 million in 2025 and is estimated to

reach US$2,239.7 million in 2035, supported by sustained demand for chronic disease management. In parallel, the drug market for moderate-to-severe DED in China is expanding rapidly from a smaller base. According to Frost & Sullivan, the drug market for moderate-to-severe DED in China increased from US$152.2 million in 2021 to US$223.9 million in 2025 and is estimated to further expand to US$903.6 million in 2035, driven by rapid improvement in diagnosis rate, aging population, increasing treatment penetration and gradual shift from symptomatic treatment to prescription drugs.

As of the Latest Practicable Date, there were 5 innovative drugs approved for DED treatment and 29 active innovative drug candidates at or beyond Phase II stage, including our VVN001, outside China. The following table sets forth details of approved and active innovative drug candidates for the treatment of DED at Phase II or beyond outside China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Stage	First Post Time	Target DED Severity
Lifitegrast	LFA-1	Bausch & Lomb	Approval	2016/07/11	N/A(2)
SHR8058	Undisclosed	Novaliq/Hengrui	Approval	2023/05/18	N/A(2)
SJP-0132	TRPV1	Senju/Mochida	Approval	2025/01/17	N/A(2)
Acoltremon	TRPM8	Alcon	Approval	2025/05/28	N/A(2)
SHR8028	mtPTP/Calcineurin	Shengdi Pharmaceutical	Approval	2026/06/23	N/A(2)
Reproxalap	RASP	Aldeyra Therapeutics	NDA Application	2022/11/29	N/A(2)
Cenegermin	NGFR	Dompe Pharma	Phase III	2021/09/20	Severe
PL9643	MCR	Palatin Technologies	Phase III	2022/01/21	N/A(2)
K-161	Undisclosed	Kowa	Phase III	2022/05/31	Moderate to severe
BRM 421	PNPLA2	BRIM	Phase III	2023/01/13	N/A(2)
ABBV-444	Undisclosed	AbbVie	Phase III	2023/05/26	N/A(2)
Vezocolmitide	Undisclosed	Stuart Therapeutics	Phase III	2023/12/18	N/A(2)
Recoflavone	Calcium channel/NF-κB	Dong-A ST/GL PharmTech	Phase III	2024/03/04	Moderate to severe
VVN001	**LFA-1**	***our Company***	**Phase III**	**2024/04/01**	**N/A(2)**
CAM-101	Undisclosed	Cambium Bio	Phase III	2025/03/31	Moderate to severe
ALY688	ADIPOR	Allysta Pharmaceuticals	Phase II/III(1)	2021/05/19	N/A(2)
ECF843	PRG4	Novartis/Lubris Biopharma	Phase II	2020/05/13	Severe
Pro-ocular	Undisclosed	Glia	Phase II	2020/11/25	Moderate to severe
A197	Undisclosed	Dompe Pharma	Phase II	2022/02/03	N/A(2)
YP-P10	Undisclosed	YuYu Pharma	Phase II	2022/07/15	N/A(2)
SHJ002	MIR328	Dreamhawk Vision	Phase II	2022/08/04	Severe
TL-925	BTK	Telios Pharma	Phase II	2023/02/22	Moderate to severe
Urcosimod	CMKLR1	OKYO Pharma	Phase II	2023/02/23	N/A(2)
EG 017	AR	Changchun GeneScience	Phase II	2023/11/03	N/A(2)
rhNGF(Dompe)	NGFR	Dompe Pharma	Phase II	2024/02/06	N/A(2)
VSJ-110	CFTR	Vanda Pharmaceuticals	Phase II	2024/03/06	N/A(2)
OT-202	SYK/VEGFR2	Ocumension Therapeutics	Phase II	2024/05/20	Moderate to severe
BTV100	CHRM1/CHRM3	BIO-THERA	Phase II	2024/08/06	N/A(2)
TTAX03	Undisclosed	BioTissue	Phase II	2025/01/17	Mild to moderate
RCI-001	RAC1	RudaCure	Phase II	2025/07/16	N/A(2)
IVIEW-1001	TRPM8	IVIEW Therapeutics	Phase II	2025/08/24	N/A(2)

Notes:

(1) a combined Phase II/III trial that evaluates the treatment's efficacy and safety against standard care in a single study to accelerate development with a smaller number of patients enrolled.

(2) no specific target disease severity.

Source: Frost & Sullivan report, ClinicalTrials.gov, FDA

As of the Latest Practicable Date, there were six innovative drugs approved for DED treatment and ten active innovative drug candidates at or beyond Phase II stage, including our VVN001, in China. The following table sets forth details of approved and active innovative drug candidates for the treatment of DED at Phase II or beyond in China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Stage	First Post Time	Target DED Severity
Diquafosol	P2RY2	Santen Pharma	Approval	2022/06/28	N/A(1)
Recombinant basic fibroblast growth factor	FGFR	Essex Biotech	Approval	2024/10/24	Mild to moderate
Dextran+Hypromellose	Undisclosed	Novartis/Alcon	Approval	2025/01/13	N/A(1)
Human epidermal growth factor (hEGF)	EGFR	Uni-Bio Science Group	Approval	2025/03/11	Mild
SHR8058	Undisclosed	Novaliq/Hengrui	Approval	2025/06/30	N/A(1)
SHR8028	mtPTP/Calcineurin	Shengdi Pharmaceutical	Approval	2026/06/23	N/A(1)
HBM9036	TNF-α	Harbour	Phase III	2022/12/24	Moderate to severe
VVN001	**LFA-1**	***our Company***	**Phase III**	**2024/04/01**	**N/A(1)**
SJP-0132	TRPV1	Senju	Phase III	2024/11/04	N/A(1)
SMR001	NGFR	Sinobioway Biomedicine	Phase III	2025/12/05	Moderate to severe
OT-202	SYK/VEGFR2	Ocumension Therapeutics	Phase III	2026/07/14	Moderate to severe
EG 017	AR	Changchun GeneScience	Phase II	2023/08/28	N/A(1)
Ipivudine Eye drops	PIK3R3	Yicheng Biotech	Phase II	2023/09/26	N/A(1)
CF04	Undisclosed	Puyou Biomedical	Phase II	2024/06/18	Moderate to severe
TUL12101	RASP	Uni-Bio Science Group	Phase II	2025/04/18	Moderate to severe
SQ-22031	Undisclosed	Xingqi Pharma	Phase II	2025/08/11	Moderate to severe

Note:

(1) no specific target disease severity.

Source: Frost & Sullivan report, CDE

Our Advantages

We believe our VVN001 has the following advantages:

- *Improved solubility and patient experience.* VVN001 is a molecule designed for eye drop application, with aqueous solubility more than twice that of lifitegrast (as disclosed in the FDA review of lifitegrast), the first-generation LFA-1 antagonist, while maintaining good ocular PK. As a result, in our Phase II clinical trial of VVN001 in patients with moderate-to-severe DED in the United States, VVN001 exhibited ocular surface irritation levels similar to vehicle and significantly lower than those observed with lifitegrast (as disclosed in the FDA review of lifitegrast). In addition, in the same trial, a lower percentage of patients in the 5% VVN001 group (5%) experienced dysgeusia (bad tastes in mouth) when compared to lifitegrast (15%) (as disclosed in the FDA review of lifitegrast) and no patient in the VVN001 groups reported stinging sensation, which is a common adverse effect associated with CsA. Such improved patient experience is also likely to increase patient adherence.

- *Improved efficacy.* As demonstrated in our Phase II clinical trial in the United States, patients in both VVN001 groups experienced signs of reliefs, such as increased tear secretion and decrease in inflammatory staining (including nCFS, tempCFS, cCFS and sCFS scores) compared to vehicle control group, as soon as day 14, much faster compared to CsA (as disclosed in the FDA review of CsA). In addition, both VVN001 groups showed good trend or statistically significant decrease of CFS scores in most regions when compared to vehicle control group after day 56, demonstrating improved

efficacy in reducing cornea inflammation as compared to CsA (as disclosed in the FDA review of CsA), which did not display statistically significant reduced cornea inflammation when compared to its vehicle until four months into treatment.

Summary of Clinical Trials

We obtained an IND approval of VVN001 from the FDA in October 2020 to directly commence a Phase II clinical trial of VVN001 in the United States by leveraging our preclinical study results, including satisfactory safety data. We commenced a Phase II clinical trial in the United States in December 2020 and completed such trial in April 2022.

Meanwhile, we obtained an IND approval from the NMPA in March 2021 and commenced a Phase I clinical trial of VVN001 in healthy subjects in China in August 2021. We completed such trial in December 2021. We then commenced a Phase II clinical trial of VVN001 in patients with moderate-to-severe DED in China in November 2021 and completed such trial in December 2022. We commenced a Phase III clinical trial in patients with moderate-to-severe DED in China in June 2024 and expect to complete such trial in the first half of 2027.

Clinical Trials in China

Ongoing Phase III Clinical Trial

- *Trial design.* This is a multicenter, randomized, double-masked, vehicle-controlled Phase III trial in patients with moderate-to-severe DED. The primary endpoint measures the change from baseline to day 84 in total corneal fluorescein staining (tCFS) score of the study eye. The key secondary endpoint assesses the change over the same period in patients' dry eye symptom in terms of visual analog scale (VAS) score. Other secondary endpoints evaluate changes from baseline in tCFS scores, dry eye VAS scores, ocular discomfort VAS scores and Schirmer's test scores at each visit, as well as changes from baseline in CFS scores in each of the central, inferior, superior, nasal and temporal region.

  We plan to enroll a total of 700 participants, with 350 participants in each of the 5% VVN001 group (study group) and the vehicle group (control group). Each participant will receive one drop of either 5% VVN001 or vehicle in each eye BID (morning and evening) for 12 weeks. Participants are assessed at screening (day −14), baseline (day 1), and days 14, 28, 56 and 84. After completing the first 12-week treatment, the first 300 randomized participants will enter a 40-week open-label extension, receiving 5% VVN001 BID through week 52, with visits at weeks 20, 28, 36, 44 and 52, followed by a safety follow-up at week 54. First 300 participants enrolled will complete the study at week 12 and attend a follow-up visit at week 54.

- *Trial status.* As of the Latest Practicable Date, we had enrolled a total of 601 subjects. We expect to complete subject enrollment by the fourth quarter of 2026. We held a mid-term meeting in December 2025, during which the IDMC confirmed that the trial could proceed with the current trial design. The IDMC is an independent expert group that reviews data during a clinical trial to monitor safety and efficacy. The IDMC periodically reviews unblinded safety and efficacy data and makes non-binding recommendations to us on whether to continue, modify or terminate the trial. The IDMC forms part of our trial oversight and governance framework and is separate from any competent regulatory authority.

Phase II Clinical Trial

- *Trial design.* This trial was a multicenter, randomized, double-masked, vehicle-controlled study to evaluate the safety and efficacy of 1% and 5% VVN001 eye drops in patients with moderate-to-severe DED. The primary objectives were to assess the safety and tolerability of

VVN001 and to evaluate its efficacy in the treatment of moderate-to-severe DED. The primary endpoint was the mean change in iCFS score from baseline to day 84. The key secondary endpoint was the mean change in VAS score from baseline to day 84.

We planned to enroll 180 patients, with 60 patients in each of the 1% VVN001 group, 5% VVN001 group and vehicle control group. The trial included an 84-day treatment period, during which all patients would receive one drop of VVN001 or vehicle control in each eye BID. Patients would return to study centers for efficacy and safety assessments on days 14, 28, 56 and 84 of the treatment period.

- *Trial status.* The trial was initiated in November 2021 and completed in December 2022. A total of 182 patients were enrolled and included in the full analysis set (FAS), including 62, 61 and 59 in the 1% VVN001, 5% VVN001 and control groups, respectively.

- *Efficacy.* Both VVN001 groups demonstrated improvement from baseline in terms of inferior corneal fluorescein staining (iCFS) score, a measure of damage to the lower part of the eye's surface. The primary endpoint, which is the average change from baseline in iCFS score at day 84, was −1.57 (p=0.978) in the 5% VVN001 group, −1.49 (p=0.586) in the 1% VVN001 group and -1.59 in the control group. The key secondary endpoint, which is the average change from baseline in VAS score, which reflects how patients rated their eye discomfort, at 84, was -29.815 (p=0.400) in the 5% VVN001 group, -26.539 (p=0.087) in the 1% VVN001 group and -32.922 in the vehicle control group. Both VVN001 groups demonstrated improvement from baseline in terms of other CFS scores, symptom assessment in dry eye (SANDE) scores and Schirmer's test results. Both the 1% and 5% VVN001 groups showed statistically significant improvement compared to the control group in superior CFS (sCFS) scores at day 84, indicating reduced corneal surface damage in the upper part of the cornea. tCFS and SANDE scores demonstrated notable improvement with a dose-dependent relationship.

- *Safety.* VVN001 demonstrated a satisfactory safety and tolerability profile in this study. Based on the FAS of 182 patients, 45 (24.7%) experienced TEAEs. Among them, five (2.7%) were related to the treatment. Classified by preferred term, drug-related TEAEs in VVN001 groups included conjunctival papillae and eye pain. In the FAS, two participants experienced SAE, both of which were not related to the study drug.

- *Conclusion.* In this trial, VVN001 demonstrated a satisfactory safety and tolerability profile. In terms of efficacy, both VVN001 groups demonstrated improvement from baseline in terms of CFS score of each region, VAS score, SANDE score and Schirmer's test results. In other words, VVN001 groups generally had less damage on the eye surface, less discomfort, fewer or less frequent dry eye symptoms and improved tear production compared with where they started. Both VVN001 groups showed statistically significant improvement compared to the control group in sCFS scores at day 56 and day 84. Both VVN001 groups demonstrated notable dose-proportional improvements in terms of tCFS scores and SANDE scores.

Phase I Clinical Trial

- *Trial design.* This trial was a single-center, randomized, double-masked, vehicle-controlled, dose-escalation Phase I clinical study to evaluate the safety, tolerability and PK profile of 1% and 5% VVN001 eye drop in healthy adults. The primary objective was to assess the safety and tolerability of VVN001 following single and multiple doses in healthy adults. Secondary objectives were to (i) evaluate detectable blood concentrations of VVN001 after administration and (ii) if sufficient systemic exposure was detected, characterize the PK profile of these concentrations.

We planned to enroll 20 healthy adults, with 10 in each concentration group (1% and 5%). Within each group, participants were randomized in a ratio of 8:2 to receive VVN001 or vehicle control, respectively. The trial comprised a single-dose phase on day 1, a BID dosing phase from day 2 to the morning of day 5 (a total of seven doses) and a three-times-daily (*ter in die*, or TID) dosing phase from day 6 to the morning of day 9 (a total of seven doses).

For each administration, each participant would receive one drop of VVN001 or placebo (vehicle) in the right eye. All dosing was performed during an inpatient stay at the clinical research center, with discharge after assessments on day 10 and a follow-up visit on day 16. The trial would proceed from the 1% concentration level to the 5% level only if safety of the 1% concentration level was confirmed after completion of the first two phases.

- *Trial status.* The clinical trial was initiated in August 2021 and completed in December 2021. A total of 20 participants were enrolled.

- *Safety.* VVN001 demonstrated a satisfactory safety and tolerability profile in this study. Among the 20 participants in the SS, three participants (15.0%), including one in the vehicle control group and two in the 5% VVN001 group, reported a total of five incidents of TEAEs. Among all TEAEs, three incidents were treatment-related, all of which were mild AEs reported in the vehicle control group. Two moderate AEs reported in the 5% VVN001 group included influenza and eczema, which were not related to the treatment.

- *PK.* Blood concentrations in substantially all 1% VVN001 participants and most 5% VVN001 participants were BQL. The blood concentrations of three participants in the 1% VVN001 group were BQL during all dosing phases. Across the two concentration levels, systemic exposure (C_{max} and AUC) increased with increasing dose, with median T_{max} (time to reach the highest blood concentration level) ranging from 0.3 to 0.6 hours. No apparent systemic accumulation was observed.

- *Conclusion.* In this trial, VVN001 demonstrated a satisfactory safety profile and low, dose-proportional systemic exposure.

Clinical Trial in the United States

Phase II Clinical Trial

- *Trial design.* This trial was a multicenter, double masked, randomized, vehicle-controlled trial in DED patients to evaluate the safety and efficacy of 1% and 5% VVN001 eye drop in comparison with vehicle. The primary objective was to evaluate the safety and tolerability of VVN001 when administered BID compared to vehicle. The secondary objective was to evaluate the efficacy of VVN001 administered BID compared to vehicle in treating signs and symptoms of DED. The primary efficacy endpoint was the mean change in iCFS from baseline to day 84 for 1% and 5% VVN001 compared to vehicle. Key secondary efficacy endpoints were the mean change in VAS score from baseline to day 84.

  We planned to enroll approximately 165 patients, with 55 patients in each of the 1% VVN001 group, 5% VVN001 group and vehicle control group. The trial included an 84-day treatment period, during which all patients would receive one drop of VVN001 or vehicle control in each eye BID. Patients were evaluated on days 14, 28, 56 and 84.

- *Trial status.* The clinical trial was initiated in December 2020 and completed in April 2022. A total of 169 subjects were enrolled and included in FAS, including 56, 57 and 56 in the 5% VVN001, 1% VVN001 and vehicle control groups, respectively.

- *Efficacy*. The primary endpoint, mean change from baseline in iCFS score in the study eye at day 84, approached statistical significance (p=0.054) for the 5% VVN001 group compared to the vehicle group. Improvements in terms of CFS scores were observed in all treatment groups at all time points. At day 84, the 5% VVN001 group showed statistically significant improvements versus vehicle in terms of tCFS score (p=0.004), nasal CFS (nCFS) (p=0.001), temporal CFS (tempCFS) (p=0.015) and central CFS (cCFS) (p=0.009), indicating less damage across multiple regions of the corneal surface in the 5% VVN001 group. A statistically significant improvement versus vehicle was also observed for sCFS (p=0.040) and SANDE (p=0.031) at day 56. Schirmer's test values, which measure tear production, were significantly improved in the 5% VVN001 group compared with vehicle at day 14 (p=0.049) and day 28 (p=0.017). Improvements in VAS score were observed in all treatment groups, with numerically greater improvements generally seen in the active treatment groups.

- *Safety.* VVN001 at both the 5% and 1% dose levels was safe and well tolerated in participants with DED. No SAE was reported in the study. Among the 169 participants in the FAS, ocular TEAEs were reported in 18 (10.7%). By preferred term, the most commonly reported ocular TEAEs were instillation site pain, chalazion, eye discharge and eye pain, each occurring in a small proportion of participants. All ocular AEs identified as related to study drug were mild.

  Among the 169 participants in the FAS, non-ocular TEAEs were reported in 15 participants (8.9%). There was a higher incidence of TEAEs in the 5% VVN001 treatment group, partially attributable to the higher rate of reported mild and intermittent dysgeusia, a known side effect of lifitegrast, which was only reported by three participants in the 5% VVN001 group.

- *Conclusion.* The primary efficacy endpoint in this study approached statistical significance for the 5% VVN001 group compared to the control group. The mean change from baseline in tCFS score at day 84 achieved statistical significance for the 5% VVN001 group compared to the control group. Clinical signs and subject-reported symptoms of DED decreased in this study in all treatment groups, with generally greater improvement from baseline in the VVN001 groups than in the control group. In some signs and symptoms, there was a dose-related clinically and, in some cases, statistically significant treatment effect. VVN001 also demonstrated an acceptable safety profile in this trial.

Material Communications and Next Steps

We obtained an IND approval of Phase I, Phase II and Phase III clinical trials of VVN001 for DED from the FDA on October 5, 2020 and obtained an umbrella IND approval of Phase I, Phase II and Phase III clinical trials of VVN001 for DED from the NMPA on March 26, 2021. See "Regulatory Overview—Overview of Laws and Regulations in the PRC—Laws and Regulations in Relation to New Drugs—Conduct of Clinical Trial." We commenced a Phase I clinical trial in China in August 2021, which was completed in December 2021. Based on communications with the FDA, we directly commenced a Phase II clinical trial in the United States in December 2020 by leveraging our preclinical study results and completed such trial in April 2022. We commenced a Phase II clinical trial in China in November 2021, after we obtained topline results of the Phase I clinical trial but before completing the clinical trial report. We completed the Phase II clinical trial in December 2022. Following completion of our Phase II clinical trials in the United States and China, we conducted a pre-Phase III consultation with the NMPA and submitted, among others, key results from all prior trial phases (including the results of Phase II clinical trial in the United States) and the Phase III clinical trial design. We received the NMPA's official response on March 20, 2023, which raised no material questions and confirmed that it had no objections to the commencement of the Phase III clinical trial. Following the pre-Phase III consultation process with the NMPA, we advanced our clinical development of VVN001 in China in accordance with our overall pipeline strategy and resource allocation plan, taking into account our then limited financial and operational resources, as well as the funding needs of our other product candidates. Accordingly, we commenced a Phase III clinical trial in China in June 2024 and plan to complete such trial in the first half of 2027. As of the Latest Practicable Date, we had not set a definitive timeline for the commencement of the Phase III clinical

trial of VVN001 in the United States, as the timing of such trial depends on the availability of financial resources and our allocation of funding among other programs. As of the Latest Practicable Date, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VVN001 SUCCESSFULLY.

Our Other Product Candidates

VVN461(LD)

VVN461(LD) is the low-dosage formulation (0.5%) of VVN461 eye drop. We are developing VVN461(LD) for postoperative ocular inflammation since a lower dosage of VVN461 is expected to be sufficient to achieve optimal therapeutic effect for mild inflammatory conditions. Inflammation inside the eye is a common and expected consequence of intraocular surgery such as cataract extraction and lens replacement. Surgical trauma triggers the production of prostaglandins and other vasoactive molecules, as well as pro-inflammatory cytokines, leading to redness, swelling, protein and inflammatory cells leaking into the front of the eye and, if not adequately controlled, complications such as cystoid macular edema and corneal scarring. A JAK1/TYK2 inhibitor is designed to block key cytokine-driven signaling pathways involved in this process, with the aim of dampening postoperative inflammation, reducing the risk of complications and supporting safe visual recovery after surgery. See "—Our Core Products—VVN461(HD)—Mechanism of Action" for details.

We obtained an IND approval from the FDA for VVN461 for the treatment of postoperative ocular inflammation in November 2023. We completed a Phase II clinical trial in the United States in October 2024. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate" for the history of this drug candidate. We conducted preclinical studies of VVN461 before the transfer and licensing arrangements in February 2021 and completed preclinical studies and Phase I and Phase II clinical trials of VVN461 subsequent to the arrangements.

Market Opportunity and Competition

According to Frost & Sullivan, approximately 44.2 million eye surgeries were performed in 2025, and a large number of patients may develop postoperative ocular inflammation and infection as a result of eye surgery. Postoperative ocular inflammation is most commonly managed with topical corticosteroid eye drops. These medicines can reduce pain and discomfort, help restore the normal barrier between the blood and the fluid in the front of the eye and reverse visible signs of inflammation. However, long-term use of corticosteroids is limited by systemic side effects, highlighting the need for safer treatment options. The global postoperative ocular inflammation drug market increased from US$1,191.5 million in 2021 to US$1,470.2 million in 2025 and is estimated to reach US$4,338.0 million in 2035.

As of the Latest Practicable Date, there were three innovative drugs approved for postoperative ocular inflammation treatment and four active innovative drug candidates at clinical stage, including our VVN461, outside China. The following table sets forth details of approved and active innovative drug candidates at clinical stage for postoperative ocular inflammation outside China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Stage	First Post Time
DEXYCU KIT	ANXA1/GR/NR1I2/iNOS/NR0B1	Eyepoint Pharms	Approved	2018/02
INVELTYS	GR	Alcon	Approved	2018/08
BYQLOVI	GR	Harrow Eye	Approved	2024/03
SURF-201	GR	Formosa Pharma	Phase II	2020/3
VVN461	**JAK1/TYK2**	***our Company***	**Phase II**	**2023/12**
TRS01	TLR4/NRP1/ACE2	Tarsier Pharma	Phase I/II	2020/1
Levofloxacin	DNA gyrase/TOPIV/parC/pare/GyrB/ GyrA/TOP 2A/Autolysin	PolyActiva	Phase I	2020/12

Source: Frost & Sullivan report, ClinicalTrials.gov, FDA

Our Advantages

We believe our VVN461(LD), as JAK1/TYK2 inhibitor, can be a promising treatment for postoperative ocular inflammation, given its "steroid-like" anti-inflammatory efficacy with a favorable safety profile that avoids the typical adverse effects associated with corticosteroids. See "—Our Core Products—VVN461(HD)—Our Advantages" for details.

Summary of Clinical Trials

We commenced a Phase II clinical trial of VVN461 in the United States in December 2023 in patients undergoing routine unilateral cataract surgery and completed such trial in October 2024.

Phase II Clinical Trial

- *Trial design.* This was a multicenter, double-masked, randomized, vehicle-controlled, parallel-comparison study evaluating the safety and efficacy of VVN461 in patients undergoing routine unilateral cataract surgery. The primary objective was to evaluate the ocular efficacy of 0.5% and 1.0% VVN461 eye drop in treating postoperative ocular inflammation associated with cataract surgery, compared with a matching vehicle. The secondary objective was to evaluate the safety of VVN461. The primary efficacy endpoint was the proportion of subjects with ACC Grade 0 in the study eye at day 14. Secondary endpoints included the proportion of subjects with ACC grade 0 in the study eye at day 7 and the proportion with ACF grade 0 in the study eye at day 14. We planned to enroll approximately 90 participants, with 30 in each of the 1.0% VVN461, 0.5% VVN461 and vehicle control group. Each participant would receive one eye drop in the study eye QID for 14 days.

- *Trial status.* The trial was initiated in December 2023 and completed in October 2024. A total of 91 subjects were enrolled, with 30, 30 and 31 in the 1.0% VVN461, 0.5% VVN461 and vehicle control groups, respectively.

- *Efficacy*. The primary endpoint, the proportion of subjects achieving ACC Grade 0, meaning no inflammatory cells visible in the anterior chamber on slit-lamp examination, in the study eye at day 14, was 60.0% (p=0.0012), 53.3% (p=0.0057) and 19.4% in the 1.0% VVN461 group, 0.5% VVN461 group and the vehicle control group, respectively, with statistically significant differences for both VVN461 groups. The treatment effect was apparent by day 7 and became more pronounced over time.

  At day 7, ACC Grade 0 was achieved by 30.0% (p=0.0459), 20.0% (p=0.2557) and 9.7% of subjects in the 1.0% VVN461 group, 0.5% VVN461 group and the vehicle control group, respectively. For ACF, at day 7, ACF Grade 0 was achieved by 80.0% of subjects (p=0.0004)

in both VVN461 groups and 35.5% in the vehicle group; by day 14, the proportion of subjects achieving ACF Grade 0 increased to 86.7% ($p<0.0001$), 93.3% ($p<0.0001$) and 45.2% in the 1.0% VVN461 group, 0.5% VVN461 group and the vehicle control group, respectively. A total of 19 participants required rescue medication for postoperative ocular inflammation, among which only 3 and 1 participants were in the 1.0% VVN461 group, 0.5% VVN461 group, respectively.

- *Safety.* VVN461 demonstrated a satisfactory safety and tolerability profile in this study. Among 91 participants in the FAS, 8 participants reported ocular TEAEs and 2 participants reported non-ocular TEAEs, all of which were considered unrelated to the study drug.

- *Conclusion*. In this trial, VVN461 eye drop at both dosing levels appeared safe and well tolerated in adult subjects recovering from cataract surgery and demonstrates both clinically and statistically significant efficacy in the management of postoperative ocular inflammation and pain relative to the vehicle control.

Phase I Clinical Trial

We completed a Phase I clinical trial of VVN461 in healthy subjects in China in December 2023. In this trial, VVN461 was safe and well-tolerated in healthy subjects at each of 0.25%, 0.5% and 1.0% dose levels. See "—Our Core Products—VVN461(HD)—Non-Infectious Anterior Uveitis (NIAU)—Summary of Clinical Trials—Clinical Trials in China—Phase I Clinical Trial" for details.

Material Communications and Next Steps

We obtained an umbrella IND* approval of Phase II and Phase III clinical trials of VVN461, including both VVN461(HD) and VVN461(LD), for the treatment of postoperative ocular inflammation from the FDA on November 21, 2023, which also approved our plan to directly commence a Phase II clinical trial of VVN461 for the treatment of postoperative ocular inflammation by leveraging the results of our Phase I clinical trial of VVN461 in healthy subjects in China. In addition, we had a Type C meeting with the FDA on June 3, 2025 to discuss our clinical development plan of VVN461(LD) for the treatment of postoperative ocular inflammation in the United States. The FDA confirmed that it had no objection to our plan to submit an NDA for VVN461(LD) following completion of a single Phase III pivotal clinical trial. As of the Latest Practicable Date, we had not set a definitive timeline for the commencement of the Phase III clinical trial of VVN461(LD) in the United States, as the timing of such trial depends on the availability of financial resources and our allocation of funding among other programs. As of the Latest Practicable Date, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VVN461(LD) SUCCESSFULLY.

VVN432

VVN432, developed based on the same compound underlying our Core Product VVN461(HD), is a non-steroidal JAK inhibitor nasal spray for chronic rhinosinusitis (CRS). According to Frost & Sullivan, our VVN432 is currently the world's only clinical-stage JAK inhibitor for the treatment of CRS. CRS is a long-lasting inflammation of the nose and sinuses that typically persists and leads to problems such as nasal blockage, thick nasal discharge, facial pain or pressure and reduced sense of smell or taste. CRS is commonly divided into two forms: chronic rhinosinusitis with nasal polyps (CRSwNP), which are soft, non-cancerous growths in the nasal

* According to Frost & Sullivan, the FDA allows a single umbrella IND to cover multiple clinical studies of one product (across varying doses, routes of administration or indications) so long as the product's identity is unchanged.

passages or sinuses often associated with more severe inflammation and smell loss, and chronic rhinosinusitis without nasal polyps (CRSsNP), which more often presents with facial pressure and nasal discharge. The condition can significantly affect quality of life, sleep and daily functioning. As the JAK pathway plays a key role in inflammatory responses, including in CRS, we are developing VVN432 to address the unmet medical needs for treatment options of CRS. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate" for the history of this drug candidate. We conducted preclinical studies before our licensing arrangement with E-nitiate in January 2024 and conducted preclinical studies and are conducting a Phase I clinical trial of VVN432 subsequent to the arrangements.

Mechanism of Action

VVN432 has the same active molecule as VVN461 and is being developed as a local, non-steroidal anti-inflammatory therapy for CRS. CRS is driven by persistent inflammation in the lining of the nose and sinuses, mediated by naturally occurring signaling proteins in the body, or cytokines. These cytokines activate JAKs, including JAK1 and TYK2, which switch on multiple genes that promote and sustain inflammation. VVN432 is designed to selectively inhibit JAK1 and TYK2 and thereby interrupt this inflammatory signaling cascade. By dampening the activity of several key cytokines that are believed to be involved in CRS, VVN432 aims to reduce swelling and inflammation in the nasal and sinus mucosa, improve symptoms such as nasal congestion and discharge and help to treat the disease and to prevent disease recurrence. See "—Our Core Products—VVN461(HD)—Mechanism of Action" for more details.

Market Opportunity and Competition

CRS can be categorized by the underlying type of inflammation, which varies between individuals and can be driven by different immune pathways. In China, CRSsNP is often driven by non-type 2 (non-T2) inflammation, usually dominated by neutrophils, a type of white blood cell, while CRSwNP more commonly shows a mixed pattern (T1/T2/T3) that may or may not include prominent eosinophilic (T2) inflammation. According to Frost & Sullivan, the overall CRS patient population in China amounted to 129.5 million in 2025 and is estimated to reach to 152.6 million in 2035.

Current treatment for CRS typically follows a stepwise approach but remains unsatisfactory for a significant proportion of patients. First-line therapy usually consists of intranasal corticosteroid sprays for at least 12 weeks, which are generally safe and well tolerated but may cause local side effects such as nosebleeds, dryness or irritation, and do not fully control symptoms in many individuals. In more severe CRSwNP, especially in patients with T2 CRS, short courses of oral corticosteroids are used, but their long-term use is limited by systemic side effects. For non-T2 CRS, long-term low-dose macrolide antibiotics may be prescribed for their anti-inflammatory and immune-modulating effects, although they can cause gastrointestinal upset, liver toxicity and heart rhythm abnormalities. Biologic therapies targeting T2 inflammation can significantly improve symptoms and reduce polyp size in difficult-to-treat CRSwNP, but are primarily effective in patients with clear T2 inflammatory features and are not suitable for all patients. Endoscopic sinus surgery is considered when at least 12 weeks of standard medical therapy fails or complications occur. Despite these options, around 20% to 30% of patients remain difficult to treat and there is a high nasal polyps recurrence rate of 98% two years post surgery, highlighting a substantial unmet medical need, particularly for effective local therapies that work across different inflammatory subtypes of CRS. The CRS drug market in China increased from US$463.5 million in 2021 to US$758.0 million in 2025 and is estimated to reach US$2,510.6 million in 2035.

As of the Latest Practicable Date, there were three innovative drugs approved for CRS treatment in China. As of the same date, there were 20 active innovative drug candidates in the clinical stage, in China, including 17 biologics and 3 small-molecule drugs (including our VVN432 and an oral tablet candidate).

Our Advantages

As a dual-target inhibitor of JAK1 and TYK2, our VVN432 demonstrated, in our *in vitro* preclinical studies, potent inhibition of both JAK1 and TYK2 at kinase level and cellular level, with *in vitro* IC_{50} value of 0.08nM for JAK1 and 0.55nM for TYK2, and cellular IC_{50} value of 0.02 nM and 7.98 nM, respectively. In addition, VVN432 is designed to selectively inhibit specific inflammatory pathways while minimizing disruption of normal physiological functions, and therefore avoiding the typical adverse effects associated with corticosteroids. Furthermore, compared with biologics, the other mainstream treatment options of CRS, our VVN432, as a nasal spray, offers significantly greater convenience of administration.

Summary of Clinical Trials

We commenced a Phase I clinical trial of VVN432 in healthy adults in China in November 2025. We expect to complete such trial in the fourth quarter of 2026.

Ongoing Phase I Clinical Trial

- *Trial design.* This trial is a randomized, double-masked, placebo-controlled, dose-escalation study of VVN432 nasal spray. The study comprises two stages, a single-administration stage 1 and a multiple-administration stage 2. The objective of stage 1 is to evaluate the safety, tolerability, PK profile of VVN432 in healthy adults. The objective of stage 2 is to evaluate the safety, tolerability, PD and PK profile and preliminary efficacy of VVN432 in CRS patients.

  We plan to enroll 24 healthy adults for stage 1, with 8 participants in each of the 0.5% VVN432 (one spray per nostril), 1.0% VVN432 (one spray per nostril) and 1.0% VVN432 (two sprays per nostril) dosing groups. Within each dosing group, participants are randomized 3:1 to receive VVN432 or placebo, respectively. Dose escalation to the 1.0% VVN432 (two sprays per nostril) dosing group would proceed after all participants at the 1.0% VVN432 (one spray per nostril) group have completed all treatment and safety of a dose level was confirmed.

  We plan to enroll 36 CRS patients for stage 2, with 12 participants in each of the 0.5% VVN432 (one spray per nostril, BID), 1.0% VVN432 (one spray per nostril, BID) and 1.0% VVN432 (two sprays per nostril, BID) dosing groups. Within each dosing group, participants are randomized 5:1 to receive VVN432 or placebo, respectively, for 28 consecutive days.

- *Trial status.* As of the Latest Practicable Date, we had completed participant enrollment for both stage 1 and stage 2 and a total of 60 patients were enrolled.

Material Communications and Next Steps

We obtained an IND approval of Phase I, Phase II and Phase III clinical trials of VVN432 from the NMPA for the treatment of CRS on June 6, 2025. As of the Latest Practicable Date, we were conducting a Phase I clinical trial in healthy adults in China. We plan to complete such trial in the fourth quarter of 2026 and, depending on the data from the Phase I clinical trial, initiate a Phase II clinical trial in the first half of 2027. As of the Latest Practicable Date, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VVN432 SUCCESSFULLY.

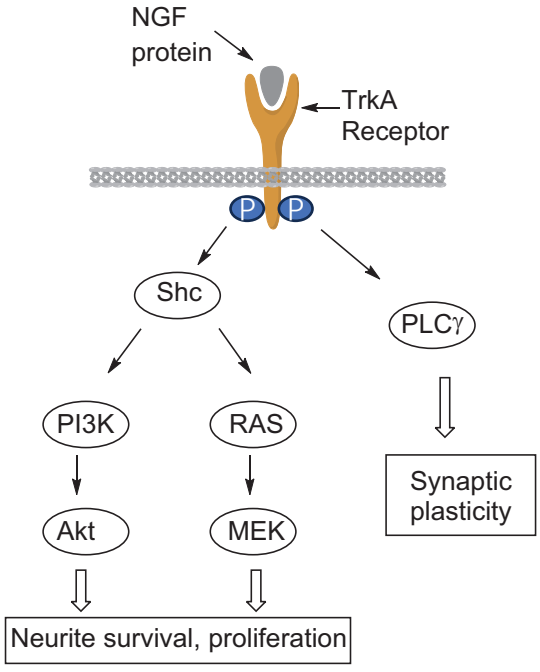
VVN1901

VVN1901 is a recombinant human nerve growth factor (rhNGF) eye drop for the treatment of neurotrophic keratitis (NK). NK is a rare, sight-threatening disease of the cornea caused by damage to the corneal nerves, leading to reduced or absent corneal sensation and impaired healing. This loss of sensitivity disrupts normal protective reflexes such as blinking and tear production, so even minor irritants can trigger persistent epithelial defects, corneal ulcers and, in severe cases, corneal melting and perforation. rhNGF is a laboratory-produced form of a naturally occurring protein that supports the growth, survival and function of neurons. It has emerged as a promising therapeutic modality for nerve regeneration and protection in ocular disease. rhNGF has demonstrated a generally favorable safety and tolerability profile in clinical studies.

We obtained an IND approval from the NMPA for VVN1901 for the treatment of moderate-to-severe NK in May 2024. We commenced a Phase I clinical trial of VVN1901 in China in May 2024 and completed such trial in September 2024. We then commenced a pivotal registration-enabling Phase II clinical trial in China in July 2025.

Mechanism of Action

VVN1901 is designed to replace human nerve growth factor (NGF), a natural "growth and repair" protein that is missing or reduced in people with NK. In a healthy eye, tiny nerves in the cornea help keep the surface of the eye moist, smooth and able to heal quickly after minor damage. In people with NK, these nerves are damaged and do not work properly, so the eye produces less of this repair protein and the cornea can develop wounds that do not heal, ulcers and, in severe cases, tissue breakdown. VVN1901 is an eye drop containing rhNGF, a laboratory-made version of this protein, intended to support the damaged nerves and help the cornea repair itself, with the aim of closing persistent defects on the eye surface and preventing the disease from getting worse. The following diagram illustrates the mechanism of action of VVN1901.



Market Opportunity and Competition

In China, NK is recognized as a rare disease, with an estimated overall patient population of 360,500 in 2025, according to Frost & Sullivan. The disease often progresses quickly: survey data indicate that about half of patients are already at a moderate or severe stage when first diagnosed, and around 90% can worsen from mild stage 1 to severe stage 3 within six months, developing persistent surface defects or ulcers and facing a risk of perforation and vision loss.

NK is managed according to disease stage, with the overarching objective of protecting and restoring the integrity of the corneal surface while addressing the underlying loss of corneal sensation. Intensive lubrication with frequent preservative-free artificial tears, gels and ointments forms the foundation of therapy at every stage. In stage 1, treatment focuses on ocular surface support with lubrication to improve epithelial health. In stage 2, characterized by persistent epithelial defects, treatment typically escalates to include autologous serum eye drops, deproteinized calf-blood extract eye gel to promote epithelial healing, as well as antibiotic ointment to prevent secondary infection and low- to medium-potency corticosteroid eye drops to reduce inflammation and accelerate healing. In advanced stage 3, where corneal ulceration or perforation may occur, frequent use of autologous serum drops are recommended to control stromal inflammation and aid healing, scleral lens and lubricants are used to protect cornea and inhibit melting and growth-factor rich multilayer amniotic membrane are used for mechanical protection and to promote healing. Novel treatment options, such as nerve growth factor eye drops have also emerged to restore nerve function and accelerate healing.

As of the Latest Practicable Date, there was one innovative drug approved for the treatment of NK and seven active innovative drug candidates for the treatment of NK in the clinical stage, including our VVN1901, in China. The following table sets forth details of approved and active clinical-stage innovative drugs for the treatment of NK in China as of the Latest Practicable Date.

Drug Name/Code	Target	Company	Stage	First Post Time
Cenegermin	NGFR	Dompe Pharma	Approved	2020/08
Ipidacitin	PIK3R3	Yicheng Kangtai Biotech	Phase II	2024/07
STSP-0902	NGFR	Staidson Biopharma	Phase II	2025/04
Recombinant human nerve growth factor	NGFR	Xintrum Pharma	Phase II	2025/04
SQ-22031	undisclosed	Sinqi Pharma	Phase II	2025/04
VVN1901	**NGFR**	***our Company***	**Phase II**	**2025/05**
Recombinant human nerve growth factor eye drops	NGFR	Kerun Biologic Pharma	Phase I	2023/03
HT006.2.2	NTRK1/NGFR	Hiteck Bio Pharma	Phase I	2024/01

Source: Frost & Sullivan report, CDE

Our Advantages

We believe our VVN1901 has the following advantages as compared to currently approved rhNGF:

- *Stability.* While currently approved rhNGF requires freezing at or below -20°C for long-term storage and can be stored at 2°C to 8°C for only up to two weeks, our VVN1901, adopting the advanced formulation and packaging technologies, demonstrates high stability at 2-8°C for extended periods and can maintain stability at room temperature for a minimum of 30 days, supporting convenient transportation, storage and daily use as well as improved patient adherence.

- *User-friendly.* While currently approved rhNGF requires special instillation device for administration, the blow-fill-seal (BFS) packaging of VVN1901 allows convenient administration and therefore improve patient adherence.

- *Promising accessibility.* Currently approved rhNGF costs over RMB150,000 per treatment course and is not currently marketed in China. Leveraging our integrated R&D and cost control measures, we aim to make VVN1901 accessible to NK patients in China, addressing the absence of marketed rhNGF therapies in China while offering a more affordable option.

Summary of Clinical Trials

We commenced a Phase I clinical trial of VVN1901 in healthy subjects in China in May 2024 and completed such trial in September 2024. We commenced a pivotal registration-enabling Phase II clinical trial of VVN1901 China in patients with moderate-to-severe NK in July 2025. We expect to complete such trial in 2028.

Ongoing Phase II Clinical Trial

- *Trial design.* This is an adaptive, multicenter, double-masked, randomized, vehicle-controlled study in patients with stage 2 (persistent epithelial defect) or stage 3 (corneal ulcer) NK. The study comprises two stages, a nine-week, dose-exploration stage 1 and a 52-week confirmatory stage 2. The objective of stage 1 is to assess the dose-dependent relationship of VVN1901 in treating moderate-to-severe NK, evaluate the safety, tolerability and immunogenicity of VVN1901 and to identify the optimal dose for further study. The objective of stage 2 is to assess the efficacy of VVN1901 in comparison with vehicle control at the selected dose level, further evaluating VVN1901's safety, tolerability, immunogenicity, recurrence rate and long-term safety in the same patient population. The primary endpoint is the percentage of subjects with complete healing of the corneal lesion in the study eye at week 8. Secondary endpoints include healing and recurrence proportions, lesion size, corneal sensitivity, visual acuity, tear secretion and 0 mm lesion rates during treatment and follow-up.

  We plan to enroll a total of 70 participants for stage 1, who will be randomized 2:2:2:1 to receive one drop of 10 μg/ml VVN1901, 20 μg/ml VVN1901, 40 μg/ml VVN1901 or vehicle control, respectively, in the study eye six times daily (Q2h) for eight weeks, followed by an one-week follow-up period. We plan to enroll 87 new participants for stage 2, who will be randomized 2:1 to receive one drop of VVN1901 or vehicle at the selected dose level in the study eye six times daily (Q2h) for eight weeks, followed by a 44-week follow-up period. In both stages, participants will attend on-treatment visits at weeks 1, 2, 4, 6 and 8 for efficacy and safety assessments. Stage 1 includes an additional visit at week 9, and stage 2 includes follow-up visits at weeks 12, 20, 28, 40 and 52.

- *Trial status.* As of the Latest Practicable Date, we had completed patient enrollment for stage 1 and a total of 70 patients were enrolled.

Phase I Clinical Trial

- *Trial design.* This trial was a single-center, randomized, double-masked, vehicle-controlled, dose-escalation Phase I clinical study to evaluate the safety, tolerability and PK profile of VVN1901 in healthy adults. The primary objective was to assess the safety and tolerability of 10 μg/mL, 20 μg/mL and 40 μg/mL VVN1901 eye drop following single and multiple administration in healthy adults. The secondary objectives were to characterize the PK profile, if sufficient systemic exposure was detected, and to assess immunogenicity.

The dose-escalation phase of this study included three dose groups: 10 μg/mL, 20 μg/mL and 40 μg/mL. We planned to enroll 30 healthy adults with 10 participants in each dose group. Within each dose group, participants were randomized in a ratio of 8:2 to receive VVN1901 or vehicle control, respectively. The trial comprised a single-dose phase on day 1, a QID dosing phase from day 2 to the morning of day 5 (a total of seven doses) and a six times daily (Q2h) dosing phase from day 6 to the morning of day 9 (a total of seven doses).

For each administration, each participant would receive one drop of VVN1901 or placebo (vehicle) in the right eye. All dosing was performed during an inpatient stay at the clinical research center, with discharge after assessments on day 10 and a follow-up visit on day 16. Dose escalation to the next group would proceed after all participants at a dose level have completed all treatment and safety of a dose level was confirmed.

- *Trial status.* The clinical trial was initiated in May 2024 and completed in September 2024. A total of 30 participants were enrolled.

- *Safety.* VVN1901 demonstrated a satisfactory safety and tolerability profile in this study. Among the 30 participants in the SS, 9 participants reported a total of 11 incidents of TEAEs, all of which were mild and non-treatment related or possibly non-treatment related.

- *PK*. Blood concentrations in all participants across the three dose groups were BQL after single and multiple administration.

- *Immunogenicity*. While an anti-drug antibody (ADA) positive participant in the 40 μg/ml group showed a higher ADA titre than those ADA positive participants in the 20 μg/ml group, the presence of a pre-existing, unchanged ADA signal in the vehicle control group suggests the possibility of physiological NGF antibodies. No SAE occurred in any ADA-positive participant. The safety results, together with BQL blood concentration, indicated no apparent increase in systemic safety risk related to ADA development.

- *Conclusion.* In this trial, VVN1901 demonstrated a satisfactory safety profile with BQL systemic exposure.

Material Communications and Next Steps

We obtained an IND approval of Phase I, Phase II and Phase III clinical trials of VVN1901 from the NMPA for the treatment of NK on May 14, 2024. We commenced a Phase I clinical trial in healthy adults in China in May 2024 and completed such trial in September 2024. We conducted an end-of-Phase I consultation with the NMPA and submitted, among others, key results from the Phase I clinical trial and the Phase II clinical trial design. We received the NMPA's official response on March 3, 2025, which raised no material questions and confirmed that we may commence the Phase II clinical trial as a registration-enabling pivotal trial. As of the Latest Practicable Date, we were conducting a Phase II clinical trial in patients with moderate-to-severe NK in China. We plan to complete such trial in 2028. As of the Latest Practicable Date, we had not received any relevant regulatory agency's concerns or objections to our clinical development plans. No material adverse changes had occurred since we obtained the IND approvals and up to the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VVN1901 SUCCESSFULLY.

OUR COLLABORATION AND LICENSE ARRANGEMENTS

Arrangements with E-nitiate

On February 5, 2021, we entered into an intellectual property agreement (as supplemented on February 10, 2021 and January 29, 2024 and amended and restated on February 6, 2026, the "E-nitiate Agreement") with E-nitiate, a biotech company focused on autoimmune diseases, primarily including autoimmune skin diseases, with a last known registered capital of RMB52.5 million, with respect to the transfer and license of certain intellectual property rights related to the compound underlying VVN461 and VVN432 (the "Relevant Compound"). Pursuant to the E-nitiate Agreement, we transferred the intellectual property rights we had developed and controlled as of February 5, 2021 that are necessary to develop, manufacture or commercialize the Relevant Compound or product candidates comprising the Relevant Compound (the "Relevant Candidates") to E-nitiate, effective on and from February 5, 2021. Substantially concurrently, E-nitiate granted us an exclusive, perpetual and irrevocable license to develop, manufacture and commercialize the Relevant Compound (other than with respect to oral dosage formulation) which currently implicates our product candidates VVN461(HD), VVN461(LD) and VVN432, in the ophthalmology field, (effective on and from February 10, 2021) and rhinology field (effective on and from January 29, 2024) globally. As a result of the E-nitiate Agreement, we hold exclusive global rights to develop, manufacture and commercialize our VVN461(HD) and VVN461(LD) eye drops and VVN432 nasal spray as well as any modifications, upgrades or further developments based on the Relevant Compound (other than with respect to oral dosage formulation) in the ophthalmology and rhinology fields.

Background of the Arrangement

We initiated the research and development of the Relevant Compound in May 2018 and constructed the Relevant Compound in November 2018. After construction of the Relevant Compound, we identified its potential for the treatment of autoimmune skin disease through a series of nonclinical studies completed in May 2020. Following an internal review, we concluded that it would not be practical for us to advance R&D of the Relevant Compound for both ophthalmology and dermatology, given our then limited resources and our strategic positioning as an ophthalmology-focused biotechnology company.

In light of this, and following discussions among our Board and our Shareholders, we decided to concentrate our resources on ophthalmic indications for the Relevant Compound and sought to monetize this asset in other disease areas. After discussion with the Beijia Entities, one of our Pre-[**REDACTED**] Investors and a current shareholder of E-nitiate, we decided to establish a separate entity, namely E-nitiate, together with the Beijia Entities, to explore the potential of Relevant Compound in the dermatology field.

We engaged in several rounds of arm's-length negotiations with the Beijia Entities in 2020 and 2021, and eventually agreed to adopt a back-to-back arrangement where E-nitiate would acquire ownership of the Relevant Compound and the related intellectual property, while we would re-acquire from E-nitiate an exclusive, perpetual and irrevocable worldwide license to use the Relevant Compound, together with the associated know-how and intellectual property, to develop, manufacture and commercialize the Relevant Compound in the ophthalmology field. E-nitiate would retain the rights to the Relevant Compound in all other fields.

We resolved not to retain ownership of the Relevant Compound as it would have risked losing the opportunity to monetize the Relevant Compound in non-ophthalmic indications altogether, particularly in view of the early-stage nature of the asset and the lack of alternative interested buyers at that time. The adopted back-to-back arrangement therefore represented, in our Directors' view, a commercially fitting solution that enabled us to retain full R&D and commercial rights in

our core ophthalmology field, allowed E-nitiate to own the asset and explore the asset's potential in dermatology and other autoimmune fields and maximized the overall commercial value of the Relevant Compound by ensuring that each main indication was developed by a party with the appropriate focus and capability.

Subsequently, in 2023, we considered that Relevant Compound may have promising potential in the rhinology field, which is adjacent and intricately related to ophthalmology. In light of this strategic consideration, we approached E-nitiate and negotiated a field expansion to rhinology. We entered into a supplemental agreement with E-nitiate in January 2024 to use the Relevant Compound and associated know-how and intellectual property to develop, manufacture and commercialize the Relevant Compound in the rhinology field.

As of the Latest Practicable Date, we did not have any current plan to expand the scope of the current Licenses and/or obtain additional licenses in fields other than ophthalmology and rhinology in respect of the Relevant Compound.

Key terms of the E-nitiate Agreement

- *Scope of transfer*. Effective on and from February 5, 2021, we transferred all rights in the Relevant Compound along with any existing preclinical study materials and results of the Relevant Candidates as of February 5, 2021 to E-nitiate (the "Transfer"). After the Transfer, E-nitiate is the sole and exclusive owner of all rights in the Relevant Compound, as well as any assets solely developed by E-nitiate based on, or in relation to, the Relevant Compound after the Transfer.

- *Scope of license*. Effective on and from February 10, 2021, E-nitiate granted us an exclusive (even as to E-nitiate), fully paid-up, royalty-free, perpetual and irrevocable global license to develop, manufacture and commercialize the Relevant Compound (other than with respect to oral dosage formulation) in the ophthalmology field globally (the "Ophthalmology License"). Effective on and from January 29, 2024, E-nitiate further granted us an exclusive (even as to E-nitiate), license fee–bearing (see below for details of the license fee), royalty-free, perpetual and irrevocable global license to develop, manufacture and commercialize the Relevant Compound (other than with respect to oral dosage formulation) in the rhinology field globally (the "Rhinology License", together with the Ophthalmology License, the "Licenses"). With respect to the Licenses, we also have the right to grant sublicense without prior notice or consent of E-nitiate provided that we shall notify E-nitiate within ten days after the grant of a sublicense. After granting the Licenses, E-nitiate has the exclusive global right to develop, manufacture and commercialize the Relevant Compound in all fields other than ophthalmology and rhinology.

- *Fees and payment schedule*. In consideration of the Transfer, E-nitiate shall pay us a one-time, non-refundable and non-creditable fee of RMB8.5 million, which was determined based on the assessed fair value of the transferred assets by an independent appraiser. We received such consideration in March 2021. In addition, with regard to the Rhinology License, we shall pay E-nitiate (i) a one-time, non-refundable and non-creditable upfront payment of RMB0.5 million and (ii) a one-time, non-refundable and non-creditable milestone payment of RMB0.5 million within 30 business days from obtaining the first (and only the first) NDA/BLA approval (or equivalent) for the Relevant Candidates. We made the upfront payment of RMB0.5 million in November 2024. For the avoidance of doubt, no royalty is required for the Licenses and no payment is required for the Ophthalmology License.

- *Non-compete*. We, and any sublicensee, shall not, directly or indirectly, develop, manufacture or commercialize, or enter into any collaboration or license agreement with any third party in connection with, an oral dosage formulation of the Relevant Compound in ophthalmology and rhinology fields.

- *Research and development*. Each party has the sole right to develop the Relevant Compound in its respective field at its own costs and expenses, including conducting the relevant clinical trials.

- *Regulatory filings.* Each party has the sole right to conduct regulatory activities necessary for obtaining and maintaining regulatory approvals for the Relevant Candidates in its respective field at its own costs and expenses. Each party shall apply for regulatory approvals of the Relevant Candidates in its respective field in its own name at its sole discretion and own costs and expenses and be the regulatory approval holder. However, before submitting an NDA for the Relevant Candidates in China, each party shall notify the other party at least 30 days in advance.

- *Joint Steering Committee (JSC).* We agree to establish a JSC with E-nitiate to provide a forum for overall coordination and communication in respect of parties' activities under the E-nitiate Agreement. Each party shall appoint two representatives to the JSC, each of which shall have sufficient seniority and relevant expertise. We shall have the sole discretion and right to make all final decisions regarding development, manufacture and commercialization of the Relevant Compound in the ophthalmology and rhinology field.

- *Commercialization.* Each party has the sole right to commercialize the Relevant Compound in its respective field at its own costs and expenses.

- *Intellectual Property*. Inventorship and discoveries, including improvements solely developed or conceived by or on behalf of a party in connection with the activities conducted under the E-nitiate Agreement, shall be exclusively owned by such party. If any inventions are developed or conceived jointly by or on behalf of both parties in connection with the activities conducted under the E-nitiate Agreement, such inventions shall be jointly owned by both parties and each party may independently exploit such inventions without the duty of accounting or seeking consent from the other party except otherwise restricted by the E-nitiate Agreement.

- *Confidentiality*. Except to the extent expressly authorized by the E-nitiate Agreement or otherwise agreed in writing by the parties, both parties are under strict confidentiality with respect to any information received or learned by the other party under the E-nitiate Agreement.

- *Term*. The E-nitiate Agreement has a perpetual term commencing from February 6, 2026 unless terminated in accordance with the terms of the E-nitiate Agreement. We may terminate the E-nitiate Agreement in its entirety with 60 days' prior written notice of termination to E-nitate. It may also be terminated by either party due to the other party's uncured material breach or insolvency. As confirmed by Frost & Sullivan, these termination provisions are in line with industry practice for irrevocable licenses of a similar nature. We consider the risk of termination of the Licenses to be remote, as the triggering events are within our control.

- *Dispute Resolution*. Any dispute between E-nitiate and us under the E-nitiate Agreement that is not resolved within 30 days after it is first identified shall be escalated to the respective chief executive officers of the parties for good faith negotiations for a further 30 days. If the dispute remains unresolved, it shall be submitted to arbitration administered by the China International Economic and Trade Arbitration Commission in accordance with the procedures agreed in the E-nitiate Agreement.

- *Amendment*. The E-nitiate Agreement may be amended only by a written instrument duly executed by authorized representatives of both parties.

According to Frost & Sullivan, the arrangement to divest our ownership of then early-stage assets while retaining an exclusive field-of-use license for our core therapeutic area is in line with common industry practice, particularly for small- or mid-sized biotechnology companies with a defined therapeutic focus and limited resources, and the terms of the E-nitiate Agreement are also consistent with market practice for comparable transactions.

E-nitiate is one of our associates and Dr. Shen serves as the chairman of its board. Save for Nanjing Chuangyishijiezhiyuan Phase I Venture Investment Partnership (Limited Partnership) (南京創熠時節致遠一期創業投資合夥企業(有限合夥))*, Nanjing Shijiezhitong Enterprise Management Center (Limited Partnership) (南京時節志同企業管理中心(有限合夥))** and our Company, all other shareholders of E-nitiate are Independent Third Parties. There is no overlap in the decision-making processes of our Group and E-nitiate. We have adopted measures to manage any actual or potential conflicts of interest between our Group and E-nitiate. In particular, if any transaction is proposed between our Group and E-nitiate that gives rise to an actual or potential conflict of interest, Dr Shen will abstain from voting at the relevant meetings of our Board on such transaction and will not be counted in the quorum for those meetings.

RESEARCH AND DEVELOPMENT

We are a biotech company focused on ophthalmic therapies. We believe research and development is critical to our ability to grow into a biopharmaceutical company and remain competitive in the industry. We have conducted the research and development of all of our product candidates and are dedicated to continuing to expand our innovative product pipeline.

We conduct our R&D activities through an in-house team as well as engagement of external CROs, as is in line with industry practice. We have established three R&D platforms to support our drug discovery and development, namely our ophthalmic small-molecule drug discovery platform, advanced formulation development platform and translational research platform for innovative ophthalmic drug. We incurred research and development expenses of RMB128.3 million, RMB94.4 million and RMB56.9 million in the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively. Our research and development expenses decreased from 2024 to 2025 primarily because we completed the Phase II clinical trial of VVN461 in the United States and the Phase I clinical trial of VVN1901 in late 2024 and the Phase II clinical trial of VVN461 in China in early 2025 while we only began the Phase III clinical trial of VVN461(HD) and the Phase II clinical trial of VVN1901 in the second half of 2025.

In the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we incurred research and development expenses of RMB15.2 million, RMB16.3 million and RMB16.5 million, respectively, for the development of VVN461(HD), primarily for the treatment of NIAU, accounting for 10.6%, 14.2% and 21.0% of our total operating expenses in the respective periods. In the same periods, we incurred research and development expenses of RMB34.2 million,

* Such entity is ultimately controlled by Mr. Zhang Nan, one of our non-executive Directors.

** General partner of such entity is 99.8% owned by Mr. Zhang Nan, one of our non-executive Directors. However, Mr. Zhang Nan does not have control over the voting rights of such entity.

RMB32.2 million and RMB16.0 million, respectively, for the development of VVN001, accounting for 23.8%, 28.0% and 20.4% of our total operating expenses in the respective periods. See "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Research and Development Expenses" for details.

In-House Research and Development Capabilities

In-House R&D Team

Our in-house R&D team consisted of 53 members as of the Latest Practicable Date. Our R&D team is led by senior management members with a proven track record in drug R&D, including Dr. Shen Wang (our CEO, who is primarily responsible for drug discovery and early-stage development), Dr. Xia Erning (our CTO, who is primarily responsible for drug formulation development and drug product manufacturing) and Dr. Tsai Albert Jr. (our CMO, who is primarily responsible for clinical development).

- Dr. Shen Wang has over 30 years of experience in R&D and management in oncology, immunomodulation, metabolic diseases and antiviral therapies. Dr. Shen graduated from the University of Pittsburgh in the United States and subsequently held senior R&D positions at several multinational pharmaceutical companies, including Abbott Laboratories, Sunesis Pharmaceuticals, Inc. and Amgen Inc. Before founding our Group, Dr. Shen participated in the development of Xiidra®, the first-in-class targeted therapy for DED approved by the FDA in the past decade, and VENCLEXTA®, a landmark, first-in-class oncology blockbuster drug.

- Dr. Xia Erning has over 30 years of experience in ophthalmic pharmaceutical research and development. Dr. Xia graduated from the College of Pharmacy at the University of Iowa in the United States, one of the few institutions worldwide that train PhD-level specialists in ophthalmic pharmaceutical sciences. Before joining our Group, Dr. Xia served as a research fellow at Bausch + Lomb. During his tenure at Bausch + Lomb, he participated in various R&D projects and was one of the developers of ReNu® MultiPlus Multi-Purpose Solution, LOTEMAX® GEL and Besivance®. Dr. Xia has published over 35 scientific papers and is the inventor of nearly 200 granted patents. He has received numerous prestigious awards in the United States, including Science Spectrum Trailblazer at the Conference on Minorities in Research Science awarded by Science Spectrum Magazine and Career Achievement in Industry awarded by the Emerald Honors Conference.

- Dr. Tsai Albert Jr. has nearly 30 years of experience in the pharmaceutical and biotechnology industry in several established multinational pharmaceuticals, including Bayer Aktiengesellschaft, Merck & Co., Inc., G.E. HealthCare Technologies Inc., Amgen Inc. and AbbVie Inc., where he has held senior medical, commercial and operational excellence roles spanning clinical research, medical affairs, regulatory affairs and sales and marketing across multiple therapeutic areas and global markets. Dr. Cai has also served as chief medical officer of Zhaoke Ophthalmology, a company listed on the Stock Exchange (stock code: 06622), where he managed a sizeable drug pipeline in both China and the United States.

See "Directors and Senior Management" for further details on their past experience.

Our in-house R&D team consisted of 53 members as of the Latest Practicable Date, with over 50% holding a master's degree or above in chemistry, biology/pharmacy, medicine or related field. The following table sets forth the details of our R&D team by department as of the Latest Practicable Date.

Function	Number of Employees
R&D management	20
Formulation	21
Clinical development	10
Regulatory affairs	2
Total	**53**

Our R&D management department oversees the overall management of medicinal chemistry, biology, translational research, quality management and project management functions. Our formulation department is responsible for formulation development and analytical activities, as well as coordination with contract manufacturing organizations. Our clinical development department is responsible for clinical development planning, protocol design and trial data analysis as well as coordination with CROs for the execution and management of clinical trials. Our regulatory affairs department is responsible for the regulatory approval process of our product candidates. See —Regulatory Affairs." As we advance the development of our Core Products, we plan to allocate a greater portion of manpower to clinical development department and establish pharmacovigilance team after we commercialize our Core Products.

Our key R&D personnel include Dr. Shen, Dr. Xia Erning, Dr. Ding Yue and Ms. Han Qiao. With over 15 years of experience in R&D of ophthalmology, oncology, cardiology and antibiotic therapies, Dr. Ding Yue joined our Group in 2020 and currently serves as the director of our medicinal chemistry department. Dr. Ding obtained his doctors' degree in chemistry from the Ohio State University and subsequently held senior positions at reputable biotech companies. Ms. Han Qiao joined our Group in 2020 and currently serves as our deputy director of formulation department. Ms. Han has approximately 10 years of experiences in medicinal and organic chemistry, with a focus on the process and formulation development and scale-up production. All key R&D personnel involved in the research and development of our Core Products remained employed by us during the Track Record Period and up to the Latest Practicable Date.

Scientific Advisory Board

Our in-house research and development team is supported by our Scientific Advisory Board (SAB). Each member of our SAB is an influential expert and thought leader in the ophthalmic pharmaceutical field, holding high level positions in prestigious hospital or university. Our SAB provides strategic, scientific and clinical guidance throughout the research and development of our Core Products and other product candidates, including advising on overall clinical development strategy, assessing and optimizing clinical trial designs and protocols and offering ongoing input on the interpretation of clinical data and refinement of development plans. In addition, our SAB members support our engagement with regulatory authorities such as FDA and facilitate access to experienced clinical investigators, key opinion leaders in the United States, thereby enhancing the quality, efficiency and global competitiveness of our research and development activities. Key members of our SAB include Dr. Quan Duan Nguyen (a professor of ophthalmology at the Stanford Byers Eye Institute focusing on the development of novel therapies and diagnostic technologies for retinal vascular and ocular inflammatory diseases), Dr. Gary D. Novack (a clinical professor of pharmacology and ophthalmology at the UC Davis School of Medicine with over 40 years of experience in pharmaceutical research and development) and Dr. David S. Boyer (one of the leading

retinal clinical researchers for new treatments in macular degeneration and diabetic macular edema). We believe, we are able to further enhance our R&D capabilities by virtue of the valuable and unique expertise and domain-specific insight of our SAB members in various disciplines.

Our Technology Platforms

To support the development of our product candidates, our research and development team has established, managed and operated three integrated technology platforms to support the research and development of and expand our product portfolio, including our ophthalmic small-molecule drug discovery platform for precise molecule discovery, advanced formulation development platform for efficient delivery formulation and translational research platform for innovative ophthalmic drug.

Ophthalmology small-molecule drug discovery platform

Our ophthalmic small-molecule drug discovery platform is the core driver of our differentiated innovation, beginning from the early stage of molecule discovery. This platform is dedicated to addressing the therapeutic limitations associated with conventional single-target drugs. By recognizing the multi-target-driven mechanisms underlying ophthalmic diseases, it aims to deliver more accurate and effective treatment.

Discovered through this platform, our VVN461 demonstrated high activity, high selectivity, high permeability and broad coverage of inflammatory cytokine pathways. In addition, during the development of our VVN001, our discovery platform facilitated the high aqueous solubility and high stability of VVN001.

Advanced formulation development platform

Our advanced formulation development platform serves as the cornerstone for us to realize precise delivery and rapid onset action of our investigational drugs, effectively addressing critical challenges associated with ophthalmic drug delivery. For ophthalmic drugs, formulation development is key to a product's clinical value, commercialization potential and competitive barriers. The unique value of formulation development arises from the need for precise drug delivery and patient adherence due to the special physiological structure of the eye. Leveraging our formulation platform, we have developed the following advanced formulations for our drug candidates.

- *Flash transmucosal delivery system (VVN461).* Utilizing cyclodextrin encapsulation technology, we improved the solubility of the VVN461 molecule by 100 to 200 times, allowing a higher drug load to be delivered within the small volume that can be retained on the ocular surface, thereby increasing the amount of active drug available for corneal penetration and therapeutic effect. Furthermore, by optimizing ionic strength, adjusting the ratio of osmotic pressure regulators and employing an advanced formulation inclusion process, we have improved the compatibility of the formulation with ocular surface mucins and enhanced bioavailability, resulting in outstanding drug concentration within anterior segment tissues in our preclinical *in vivo* studies.

- *Enhanced formulation and packaging processes (VVN1901).* By optimizing the formulation and utilizing BFS packaging, we have substantially improved the stability and convenience of VVN1901. VVN1901 demonstrates high stability at 2°C to 8°C for extended periods and can maintain stability at room temperature for a minimum of 30 days. Furthermore, the BFS packaging of VVN1901 allows for convenient administration. These enhanced formulation and packaging process support convenient transportation, storage and daily use and therefore better patient adherence.

- *Intravitreal sustained-release delivery technology (a preclinical candidate).* We have developed an intraocular retinal implant rod enabling long-acting sustained drug release for three to nine months. Through optimization of biodegradable polymer composition in vitreous fluid, combined with the use of a specific crystal form of a highly potent compound, as well as control over particle size and dissolution rate in its crystalline state, we are developing a preclinical candidate for the treatment of retinal diseases. Following intravitreal injection, this implant is designed to provide sustained release over approximately six months, maintaining therapeutic concentrations of the drug substance to inhibit vascular leakage at the fundus and retinal fibrosis, potentially offering improved therapeutic outcomes for retinal diseases compared with existing treatment options.

- *Sustained-release delivery technology (a preclinical candidate).* This long-acting injectable formulation is designed for sustained drug release. By controlling the particle size and particle dissolution rate, it manages the rate at which the drug is released.

Translational research platform for innovative ophthalmic drug

Our translational research platform for innovative ophthalmic drugs is the critical contributor to establishing our research and development capabilities in the ophthalmology field. Developing ophthalmic disease models is highly challenging and requires more sophisticated operations due to the high technical and procedural requirements for achieving precise ocular modeling. Additionally, many CROs are unable to design and develop ophthalmic disease models that meet our requirements. Therefore, the expertise of our translational research team is crucial for the successful development of ophthalmic models. Our translational medicine team has developed various animal models leveraging the research animal resources of CROs. These models include glaucoma models, uveitis models, ocular surface nerve growth models and retinal vascular leakage models. Our scientists design each model and collaborate closely with CRO specialists in the laboratories to establish, test and refine them. We have intellectual property rights to all such developed models.

Drug Discovery and Preclinical Research

Our drug discovery team is dedicated to the discovery of novel product candidates indicated for ophthalmology diseases to address unmet clinical needs. Our senior management and R&D team members review and discuss feedback from KOLs, physicians and academic institutions to identify potential R&D opportunities. Through the communications, we identify clinical needs and develop or adjust our product candidates to address these needs, which in turn ensures the market acceptance and demand for our products later on. Leveraging our ophthalmology small-molecule drug discovery platform, we translate promising biological targets and mechanisms into patentable small-molecule candidate compounds with strong druggability potential. Through this process, we complete the key early-stage research and development steps that underpin subsequent preclinical and clinical development. Our internal research and development team takes a leading role in the design and management of the research projects and outsources certain daily execution tasks, such as pharmacologic, pharmacokinetic and toxicologic evaluation, to multiple CROs. See "—Collaboration with CROs" below.

Clinical Development

Our clinical team has solid capabilities with respect to clinical trial design, execution and regulatory expertise spanning all clinical phases of drug development. Our clinical team performs core functions such as designing clinical development strategies, plans and protocols, and executing clinical trials. We formulate our clinical trials in accordance with current standard of care or recommended modality according to national and international guidelines. We strategically design the clinical trials of our product candidates, critically select the registration pathways and diligently conduct our clinical trials to ensure speed of execution, optimal clinical efficacy and data quality. We also maintain constructive dialogs with regulatory authorities to accelerate the approval process

of our product candidates. Our clinical team is comprised of personnel with extensive research expertise and rich practical experience. Our clinical team also cooperates with research institutions, such as well-known hospitals and CROs, and experienced experts (as leading PIs) for our clinical trials. See "—Collaboration with CROs."

Collaboration with CROs

In line with industry practice, we engage reputable CROs to support our preclinical and clinical studies from time to time. We proactively seek well-known CROs with good reputation in the industry and evaluate self-recommendations from CROs offering services to us. When selecting CROs, we consider a number of factors, including their technical expertise, their past experience in preclinical and clinical studies, their reputation and influence in the industry, their qualifications and credentials, professional experience of their employees, their ability to collaborate effectively with us and pricing. When determining service fees for CROs, we discuss with the CROs and set the pricing based on various factors, including the academic and professional qualifications of their team, their experience in the industry and market fee levels. The work scope of CROs in the development of our product candidates may vary, subject to our overall management and instructions. 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, except for Viva Biotech, all of which were Independent Third Parties to the best of our knowledge. In the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we recorded CRO expenses of RMB35.7 million, RMB44.7 million and RMB26.6 million, respectively.

With respect to preclinical studies, CROs typically provide us with services related to preclinical PK, PD and toxicity evaluations, both *in vitro* and *in vivo*, of our product candidates in accordance with our study design and under our supervision. With respect to clinical studies, CROs typically provide us with a comprehensive suite of services, or occasionally part of the services, required in complex clinical trials in accordance with our trial design and under our supervision. CROs generally assist us in the implementation and management of clinical trials, including day-to-day site management, trial preparation, source data verification, clinical safety management, data management and report preparation.

After we select a CRO to support our clinical trial, we enter into service agreements with the CRO, which sets out, among other things, the purpose and content of the clinical trial, responsibilities of each party, research procedures and the payment schedule. We also enter into framework agreements with certain CROs, which typically specify the work scope and service fees. We have set in place various procedures regarding the management and monitoring of the performance by CROs. Our clinical development department is responsible for managing the overall clinical trial process and overseeing CROs' work. We hold regular progress meetings with CROs and provide specific directions to ensure the quality and efficiency of the trial execution. We conduct regular and *ad hoc* on-site audits of CROs, including interviewing their employees, and reviewing documentations and records, such as relevant data and reports. We would keep formal records of such audits and follow up regarding issues discovered in the process. For clinical CROs, we would also refer to the NMPA compliance record of their previous clinical trials. Our CROs are also required to fully cooperate with our monitoring and inspection activities and rectify any issue identified during such inspections. If the CROs fail to conduct the studies in compliance with the relevant laws and regulations, we may be subject to liability. See "Risk Factors—Risks Relating to the Development 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." Under the agreements, we own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they acquire during clinical trials. There was no material non-compliance incidence during our cooperation with CROs and we did not have any material disputes or disagreements with the engaged CROs during the Track Record Period and up to the Latest Practicable Date.

REGULATORY AFFAIRS

Our regulatory affairs team is responsible for the regulatory approval process of our product candidates from clinical research to commercialization stage in both China and international markets. Its responsibilities include assembling application dossiers for IND applications, addressing inquiries from relevant regulatory authorities and monitoring ongoing R&D projects to ensure compliance with relevant laws and regulations. The team members are familiar with regulatory processes of relevant governmental agencies, such as the NMPA and FDA. As of the Latest Practicable Date, we had successfully obtained seven IND approvals (five from the NMPA and two from the FDA) for our product candidates. We believe our team's extensive experience in navigating the regulatory process will be critical for our commercial success.

MANUFACTURING

During the Track Record Period and up to the Latest Practicable Date, we engaged qualified CDMOs to manufacture product candidates for our preclinical and clinical supplies. We select CDMOs based on several criteria, including manufacturing capacity and qualifications, technical expertise, reputation, geographic proximity, track record, product quality, production cost, compliance with applicable regulations and guidelines. We enter into service agreements with CDMO, which sets out, among other things, the specifics of the manufacturing services to be provided, the applicable procedural and quality standards, responsibilities of each party and the payment schedule. We have established, and will continue to implement, robust procedures to ensure that the production qualifications, facilities and processes of our CDMOs comply with all relevant regulatory requirements, as well as our internal policies and quality standards. In the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, we engaged 12, 8 and 11 CDMOs, respectively, and incurred CDMO expenses of RMB27.0 million, RMB5.9 million and RMB6.0 million, respectively. All of our CDMOs during the Track Record Period were based in China and were Independent Third Parties to the best of our knowledge. We intend to continue to collaborate with contract manufacturing organizations for the future commercial manufacturing of our Core Products, VVN001 and VVN461(HD), following regulatory approval. In addition, we may also consider establishing in-house manufacturing capabilities in the future. As of the Latest Practicable Date, we had not developed any concrete plan to establish in-house manufacturing capabilities.

Quality Management

Our quality assurance team is responsible for maintaining our quality management system, covering our entire R&D process, ensuring compliance with good manufacturing practice (GMP), good clinical practice (GCP) and good distribution practice (GDP) requirements, and safeguarding product quality and patient safety.

We implement a rigorous supplier management program, which includes thorough qualification of CDMOs via regular on-site and documentary audits, quality system assessments and the maintenance of an approved supplier list. With each CDMO, we enter into quality agreements that clearly define responsibilities for manufacturing, quality control, batch release, deviation management, change control and complaint handling. Our designated quality personnel retain final authority for reviewing batch production records, analytical reports and supporting documentation, and make independent batch release decisions to ensure full adherence to registered specifications and internal protocols. To further strengthen compliance and traceability, we have implemented comprehensive standard operating procedures spanning the entire CDMO partnership lifecycle, ensuring all quality activities are systematically standardized, thoroughly documented and readily auditable, supporting both regulatory compliance and sustained product quality throughout the product lifecycle.

COMMERCIALIZATION

We are actively formulating our commercialization plans in anticipation of multiple potential product launches over the next few years, including our Core Products, VVN001 and VVN461(HD). Drawing on our management team's deep knowledge and extensive experience in biopharmaceutical industry, particularly in ophthalmology, we intend to tailor commercialization strategies for each late-stage product candidate according to its market positioning. In developing these strategies, we will consider key factors such as pricing, dose regimen, patient economic, social and demographic characteristics, market access and reimbursement policies.

Both our Core Products are currently in Phase III clinical trials and have demonstrated robust efficacy in Phase II clinical trials. Therefore, our current commercialization effort focuses on consolidating clinical and academic recognition by presenting clinical trial data at leading professional conferences and in peer-reviewed journals and by leveraging the influence and experience of principal investigators, who are recognized experts in the relevant fields. We are also preparing for post-approval inclusion in clinical practice guidelines and expert consensuses to support physician adoption.

Based on our current development progress, we plan to commercialize VVN461 and VVN001 in China in 2029. We intend to price VVN461 by reference to marketed topical immunosuppressant eye drops in China, which currently has a monthly cost of approximately RMB700, which are well below that of currently marketed biologics, which have a monthly cost of over RMB2,000. We believe this pricing strategy will support favorable affordability and market uptake. We intend to position VVN001 competitively by reference to currently marketed DED therapies in China, which are primarily priced with a monthly cost of approximately RMB300.

Following relevant NDA approval, we intend to apply for the inclusion of each Core Product in the NRDL in China and obtain broad commercial insurance coverage in the United States to facilitate rapid market penetration. Although NRDL negotiations may result in price reductions, we believe that NRDL inclusions will enable us to reach a significantly larger patient base and support our sustainable revenue growth.

Taking into account our resource allocation and cost efficiency, as well as speed and access to market, we have adopted a practical commercialization model. Our primary commercialization approach will center on cooperation with established pharmaceutical companies, supported by a specialized in-house team with strong medical and scientific background. We plan to establish a commercialization team with strong medical and/or business development expertise as our product candidates approach commercialization. See "Future Plans and Use of [**REDACTED**]."

INTELLECTUAL PROPERTY

As a biotech company focused on ophthalmic therapies, our intellectual property is critical to our innovation. Our success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and knowhow related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing, misappropriating or otherwise violating the valid and enforceable intellectual property rights of third parties. We actively seek patent protection for our drug product candidates in China, the United States and other major jurisdictions and file additional patent applications, when appropriate, to cover certain active compounds, formulations, manufacturing process and drug delivery systems. We have developed a significant portfolio of intellectual property rights to protect our technologies and products. 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. Except for a patent of compound underlying VVN461 and VVN432, which is licensed by E-nitiate to us, all patents and patent applications of our Core Products as of the Latest Practicable Date were self-developed and self-owned. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate" for details. We do not co-own any patents and have not entered into any patent sharing arrangement with third parties.

The table below lists the material patents and patent applications of our Core Products, VVN461(HD) and VVN001, as of the Latest Practicable Date.

Core Product	Patent/ Application	Patent/ Application Number	Type of Patent	Jurisdiction	Status	Application Date	Expiration Date
VVN461 . . .	a cyano-substituted cyclic hydrazine derivative and its applications (一種氰基取代的環肼衍生物及其應用)[1]	ZL201910872780.1	Invention	China	Granted and renewable	September 16, 2019	September 15, 2039
		US12,478,620B2	Invention	United States	Granted and renewable	June 11, 2020	June 10, 2040
		20864315.5	Invention	Europe	Pending	June 11, 2020	N/A
		EA045871B1	Invention	Euroasia	Granted and renewable	June 11, 2020	June 10, 2040
		JP7620333B1	Invention	Japan	Granted and renewable	June 11, 2020	June 10, 2040
		TWI749644B	Invention	Taiwan	Granted and renewable	June 11, 2020	June 10, 2040
VVN461 . . .	ophthalmic composition for treating non-infectious inflammatory diseases (一種用於治療非感染性炎症疾病的眼科組合物)	2024-508982	Invention	Japan	Granted and renewable	May 25, 2023	May 24, 2043
		2023316921	Invention	Australia	Granted and renewable	May 25, 2023	May 24, 2043
		202310484101.X	Invention	China	Pending	April 28, 2023	N/A
		18/693,334	Invention	United States	Pending	May 25, 2023	N/A
		23848463.8	Invention	Europe	Pending	May 25, 2023	N/A
		10-2024-7024066	Invention	Korea	Pending	May 25, 2023	N/A
		3,231,266	Invention	Canada	Pending	May 25, 2023	N/A
		11202400923R	Invention	Singapore	Pending	May 25, 2023	N/A
		42024101316.8	Invention	Hong Kong	Pending	December 24, 2024	N/A
		310946	Invention	Israel	Pending	May 25, 2023	N/A
VVN461 . . .	JAK inhibitors for treating inflammatory eye conditions	PCT/CN2025/128136	Invention	International (WIPO)	Pending	October 16, 2025	N/A
VVN001 . . .	phosphorus-containing compound and preparation and use thereof (一種含磷化合物及其製備和應用)	ZL201810291023.0	Invention	China	Granted and renewable	April 3, 2018	April 2, 2038
		US11,325,929B2	Invention	United States	Granted and renewable	May 21, 2018	May 20, 2038
		EP3647315	Invention	Europe	Granted and renewable	May 21, 2018	May 20, 2038
		KR10-2208639B1	Invention	Korea	Granted and renewable	May 21, 2018	May 20, 2038
		JP6949967B2	Invention	Japan	Granted and renewable	May 21, 2018	May 20, 2038
		HK1261734A1	Invention	Hong Kong	Granted and renewable	April 3, 2018	April 2, 2038
		AU2018291666B2	Invention	Australia	Granted and renewable	May 21, 2018	May 20, 2038
		CA3092885C	Invention	Canada	Granted and renewable	May 21, 2018	May 20, 2038

Core Product	Patent/ Application	Patent/ Application Number	Type of Patent	Jurisdiction	Status	Application Date	Expiration Date
VVN001 . . .	an immune cell migration inhibitor (一種免疫細胞遷徙抑制劑)	ZL201711050899.8	Invention	China	Granted and renewable	October 31, 2017	October 30, 2037
VVN001 . . .	a compound containing a five-membered ring and its preparation and applications (一種含五元環的化合物及其製備和應用)	ZL201810455868.9	Invention	China	Granted and renewable	May 14, 2018	May 13, 2038
VVN001 . . .	a preparation method for an LFA-1 inhibitor (一種LFA-1抑制劑的製備方法)	202210596940.6	Invention	China	Granted and renewable	May 30, 2022	May 29, 2042
VVN001 . . .	a VVN001-containing ophthalmic composition (一種含VVN001的眼科組合物)	2023-560923	Invention	Japan	Granted and renewable	May 25, 2023	May 24, 2043
		202310476403.2	Invention	China	Pending	April 27, 2023	N/A
		18/718,308	Invention	United States	Pending	May 25, 2023	N/A
		23887181.8	Invention	Europe	Pending	May 25, 2023	N/A
		10-2024-7022421	Invention	Korea	Pending	May 25, 2023	N/A
		3,238,321	Invention	Canada	Pending	May 25, 2023	N/A
		2023361985	Invention	Australia	Granted and renewable	May 25, 2023	May 24, 2043
		11202402955W	Invention	Singapore	Pending	May 25, 2023	N/A
		42024101206.1	Invention	Hong Kong	Pending	December 20, 2024	N/A
		312531	Invention	Israel	Pending	May 25, 2023	N/A

Notes:

(1) Licensed to our Company by E-nitiate. See "—Our Collaboration and License Agreements—Arrangements with E-nitiate."

(2) Inventors of the listed registered patents related to VVN461 include Dr. Shen, Dr. Xia Erning and Ms. Han Qiao, and certain supporting R&D staff. Inventors of the listed registered patents related to VVN001 include Dr. Shen, Dr. Xia Erning, Dr. Ding Yue and Ms. Han Qiao as well as certain supporting R&D staff and technicians from CROs we engaged in the development of VVN001. According to Frost & Sullivan, it is in line with industry practice to include technicians from CROs in the patent inventors. Among all such patent inventors, our key R&D personnel, namely Dr. Shen, Dr. Xia Erning, Dr. Ding Yue and Ms. Han Qiao, remained employed by our Group during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, we had registered two trademarks and one domain name in China. See "Appendix VI—Statutory and General Information" to this document for further information.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceeding in respect of, and we had not received notice of any material claim of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent that may have a material adverse impact on us. We have engaged our PRC IP Counsel and U.S. IP Counsel to carry out freedom-to-operate (FTO) analyses with respect to our Core Products. Based on the FTO analyses, we were not aware of any issued patents that may affect our rights to conduct research and development or commercialization of our Core Products in China and the United States as of the Latest Practicable Date. As advised by our PRC IP Counsel and U.S. IP Counsel, the patents and patent applications owned or controlled by us provide patent protection covering the key technical features of our Core Products, and are closely aligned with the technical solutions of such Core Products. In light of the foregoing, our

Directors are of the view that we have maintained sufficient intellectual property protection for our Core Products and product candidates, as well as their associated technologies, and had not infringed any third-party intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) CROs for preclinical and clinical research, (ii) CDMOs for manufacturing of product candidates used in our research, (iii) SMOs for clinical trials and (iv) suppliers of laboratory consumables, machinery and equipment.

The factors that may affect our selection of suppliers mainly include scale and capabilities, technical expertise, qualifications and credentials, project managers' experience, market reputation, pricing competitiveness and their ability to collaborate effectively with us. We conduct a formal evaluation process when selecting suppliers and usually select those who have demonstrated appropriate expertise and reliability. In addition to vetting new suppliers, we also conduct regular evaluations of existing suppliers and require suppliers to promptly address any issues discovered during such evaluations. See "—Research and Development—Collaboration with CROs" and "—Manufacturing" for details on our relationships with CROs and CDMOs. We maintain relationships with a diversified pool of qualified CRO and CDMOs and do not rely on any single such service provider.

During the Track Record Period, we did not encounter any material dispute with our suppliers or any material breach of our purchase agreements, nor did we experience any material shortage, delay or price fluctuation in the supply of our raw materials. For risks related to supply of our raw materials, see "Risk Factors—Risks Relating to the Manufacturing and Commercialization of 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."

In 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.

The following tables set forth details of our five largest suppliers during the Track Record Period.

Supplier	Products/ service purchased	Purchase Amount	% of Total Purchase	Commencement of Business Relationship	Credit Terms
		(RMB'000)	*(%)*		
Six months ended June 30, 2026					
A[(1)]	CRO services	15,690	41.1	2024	15 days
B[(2)]	CRO services	7,291	19.1	2023	22 days
C[(3)]	CDMO, SMO and CRO services	2,825	7.4	2016	30 days
D[(4)]	CDMO services	2,044	5.4	2024	15 days
E[(5)]	Consulting services	1,386	3.6	2026	N/A
Total		**29,237**	**76.6**		

Supplier	Products/ service purchased	Purchase Amount	% of Total Purchase	Commencement of Business Relationship	Credit Terms
		(RMB'000)	*(%)*		
Year ended December 31, 2025					
A	CRO services	20,354	29.3	2024	15 days
B	CRO services	13,896	20.0	2023	22 days
F[6]	Laboratory materials procurement services	2,386	3.4	2024	10 days
C	CDMO, SMO and CRO services	2,009	2.9	2016	30 days
G[7]	CRO services	1,306	1.9	2024	30 days
Total		**39,951**	**57.4**		
Year ended December 31, 2024					
H[8]	Preclinical services	17,877	23.7	2022	30 days
A	CRO services	12,076	16.0	2024	15 days
B	CRO services	11,336	15.0	2023	22 days
I[9]	CRO services	7,939	10.5	2019	30 days
C	CDMO, SMO and CRO services	5,597	7.4	2016	15 or 30 days
Total		**54,824**	**72.7**		

Notes:

(1) Supplier A is a CRO based in Guangzhou, Guangdong, with a last known registered capital of RMB385.6 million. Supplier A is listed on the Shenzhen Stock Exchange.

(2) Supplier B is a CRO based in Beijing, with a last known registered capital of RMB72.6 million.

(3) Supplier C is a CRO/CDMO company based in Wuxi, Jiangsu, with a last known registered capital of RMB2,933.3 million. Supplier D is listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

(4) Supplier D is a CRO/CDMO company based in Beijing, with a last known registered capital of 360.0 million.

(5) Supplier E is a global health information technology and clinical research company based in North Carolina, the United States.

(6) Supplier F is a chemical products provider based in Shanghai, with a last known registered capital of RMB5.0 million.

(7) Supplier G is a contract outsourcing company based in Shanghai, with a last known registered capital of RMB1.6 million.

(8) Supplier H is a CDMO/CMO company based in Shanghai, with a last known registered capital of RMB210.0 million.

(9) Supplier I is a specialized ophthalmology CRO based in North Carolina, the United States.

None of our five largest suppliers was our customers during the Track Record Period. To the best of our knowledge, all of our five largest suppliers during each year/period of the Track Record Period are Independent Third Parties. As of the Latest Practicable Date, to the best of our knowledge, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period.

COMPETITION

The ophthalmic pharmaceutical market is highly competitive and is characterized by extensive research efforts. We believe our integrated technology platforms, comprehensive and differentiated product pipeline, product candidate with first-in-class potential, globalized research and development and ecosystem collaboration provide us with strong competitive advantages. We face

potential competition from many different entities, including pharmaceutical and biopharmaceutical companies, academic institutions and public and private research institutions. Our Core Products and other product candidates face competition from approved and clinical-stage product candidates that focus on similar indications and target similar patient population, and these competing products may have strengths and advantages when compared to our product candidates. For competitive landscape of our product candidates, see "—Our Product Candidates" and "Industry Overview" for details.

Many of the companies we are competing against or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. We also face competition from other small and early-stage companies, particularly their collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies or products complementary to, or necessary for, our research and development.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer or more effective, have fewer or less severe side effects, are more convenient or are less expensive than any drugs that we may develop. Our competitors also may obtain regulatory approval for their drugs earlier than we obtain approval for ours, which could result in our competitors establishing a strong market position before we or our collaborators are able to enter the market. See "Risk Factors—Risks Relating to the Development of Our Product Candidates—Our product candidates will be subject to intense competition after commercialization and may fail to compete effectively against competitors."

EMPLOYEES

As of the Latest Practicable Date, we had 67 employees, all of whom were based in the PRC. The following table sets forth the details of our employees by function as of the Latest Practicable Date.

Function	Number of Employees	Percentage
Research and development	53	79.1%
Management and administrative	14	20.9%
Total	**67**	**100.0%**

We recruit our employees primarily through recruiting websites, third-party recruiters and internal referrals. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees, covering matters such as wages, employee benefits, workplace safety and grounds for termination. Our standard employment contract also contains a confidentiality clause and an assignment clause, under which we own all the rights to all inventions, technologies, know-how and trade secrets derived during the course of our employees' work. We also enter into standard non-compete agreements with all employees. The key terms of agreements with our key R&D personnel are set out below.

- *Assignment of inventions.* We own all rights, titles and interests in and to any and all inventions, trade secrets, confidential and proprietary information and work-product the employee conceives, creates or develops during the term of the employment.

- *Confidentiality.* During the employment and for all time thereafter, the employee shall not use, copy, reproduce, distribute, duplicate, report, publish, disclose or cause to be disclosed, reverse engineer, or otherwise transfer to any third party any confidential or proprietary information of value to us.

- *Non-competition.* We have the right to unilaterally initiate a non-competition period of up to one year following the termination of employment. During the term of employment and the non-competition period initiated by us, the employee shall not engage in any competitive behavior.

To maintain a stable workforce and retain key personnel in our Company, we offer our employee competitive remuneration packages. Our employees' remuneration comprises salary and bonus, which is generally based on their qualifications, position and performance. We offer remuneration packages based on individuals' qualifications and experiences and generally match the market rate for salary to stay competitive in the labor market. We also take into consideration the long-term growth and advancement of our employees and offer opportunities for both job promotion and technical development. We conduct new employee training, as well as professional training for all employees in accordance with our internal procedures. Additionally, we established an employee incentive scheme to better retain and motivate our employees, with eligible participants primarily comprising core management members and key technical/business personnel of our Group. None of our employees are currently represented by labor unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or labor disputes which had a material effect on our business.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in China, we maintain different types of insurance policies, such as clinical trials liability insurance. Our Directors consider that our existing insurance coverage is generally in line with the industry practice in China. See "Risk Factors—Our insurance coverage may not sufficiently cover the risks related to our business operations."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are subject to various social, health, safety and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all social, health, safety and environmental protection regulations. Particularly, we believe our continued growth rests on integrating social values into our business. We intend to create a lasting positive environmental, social and governance ("ESG") impact on our customers, suppliers and the broader community whom our operation may impact. We acknowledge our responsibilities on environmental protection and social responsibilities and are aware of the climate-related issues that may have impact on our business.

Our ESG Governance Framework

We are committed to continuously improving our ESG management system to establish a solid foundation for sustainable development. We have established a comprehensive risk management and internal control framework designed to address major ESG-related risks and compliance requirements identified in our operations. To effectively manage our ESG-related matters and continuously improve ESG performance, we have established a top-down ESG management structure.

- *Board of Directors*. As the highest decision-making body for our ESG matters, the Board assumes ultimate responsibility for ESG management strategy, risk management, target setting and progress monitoring, as well as ESG performance.

- *Audit Committee*. Our Audit Committee coordinates and manages ESG work, including our ESG strategy and major ESG issues, regularly monitors and reviews ESG target and ESG performance, and maintains communication and cooperation with various stakeholders on ESG issues.

- *ESG Working Group*. We have established an ESG working group comprised of officers from various functional departments and subsidiaries, responsible for identifying and managing ESG risks in our daily operations, executing various ESG initiatives and implementing our ESG strategies, policies and targets.

Our Directors possess knowledge and skills covering industry experience, finance, risk management and corporate governance, and are fully capable of identifying and assessing material issues. Taking into account the characteristics of our industry and business, applicable regulatory requirements and the expectations of stakeholders, we identify and select our material ESG issues and use these as the basis for our ESG risk management. To ensure ongoing effectiveness of ESG risk management, we implement continuous monitoring measures including regular ESG training for the Board on topics such as climate change, annual third-party environmental testing and reporting for emissions, periodic quality audits of CMO facilities and raw material suppliers led by our quality department and regular workplace hazard identification and risk assessments conducted by our operations management department.

Environmental Matters

We are committed to building a green, low-carbon sustainable development model and putting green operation concepts into practice. We strictly comply with national and local environmental protection laws and regulations, continuously optimize the management of emissions and waste, and promote resource recycling and energy efficiency improvement. We continuously promote the development of corporate environmental management capabilities to fulfill our corporate environmental responsibilities and to contribute to an ecologically friendly society. The following table sets forth our resource use and emission-related indicators during the Track Record Period.

	Year ended December 31,		Six months ended June 30,
	2024	2025	2026
Resource consumption			
Purchased electricity (MWh)	452	473	186
Intensity of comprehensive energy consumption* (MWh/RMB10,000)	0.04	0.05	0.03
Water consumption (tons)	1,179	1,342	662
Intensity of water consumption* (tons/RMB10,000)	0.09	0.14	0.12
Emission			
Hazardous solid waste produced (tons)	7	5	3
Intensity of hazardous solid waste* (tons/RMB1.0 million)	0.05	0.05	0.05
Greenhouse gas emissions (tons of CO_2 equivalent)			
– Scope 1 (direct emissions)	–	–	–
– Scope 2 (indirect emissions)	242	251	99
– Scope 3 (indirect emissions)	1,418	1,021	851
Intensity of GHG Emissions* (Scope 1 + Scope 2) (tCO2e/RMB10,000)	0.02	0.03	0.02

Note:

* Calculated as the total amount of resource consumption or emission divided by our research and development expenses of the respective year.

In line with our operation expansion, our water consumption and intensity of water consumption increased from 2024 to 2025. Meanwhile, due to greater level of process scale-up activities undertaken in 2024, our hazardous solid waste emission and Scope 3 emission were relatively high in 2024 as compared to 2025.

Resource Consumption

Our primary resource consumption includes electricity purchased from the grid and water. Purchased electricity constitutes the principal source of our carbon emissions. Accordingly, we are committed to enhancing energy efficiency to reduce our carbon emissions. As part of our broader efforts to mitigate overall greenhouse gas emissions, we have integrated the principle of resource conservation into our corporate culture and into day-to-day operations related office activities, thereby enabling us to monitor and manage resource consumption effectively.

We have formulated a series of measures to reduce our energy consumption. We plan to gradually shift to energy-efficient air conditioning units. For server rooms and equipment rooms requiring constant temperature and humidity environments, we plan to install split units to reduce energy consumption from long-term operation of high-power integrated air conditioning units. We regularly clean the condensers and evaporators of existing air conditioning units to improve their operating efficiency and reduce their energy consumption. We turn off air conditioning in unoccupied areas. For temporarily used spaces such as meeting rooms and reception areas, we turn on the air conditioning 15 to 30 minutes in advance and turn off the air conditioning immediately after use. We also prioritize natural ventilation when outdoor temperature is no more than 28°C to further reduce use of air conditioning. In addition, we regularly inspect water and electricity equipment, prioritize the selection of high-efficiency energy-saving equipment and advocate the use of natural lighting.

We adhere to the concept of water conservation in daily operations and implement standardized water management methods. We conduct water conservation awareness and education activities to encourage employees to adopt water-saving practices as part of their routine office behavior. In terms of water recycling, we collect high-quality miscellaneous drainage water, which can be used after simple treatment for cleaning floor and windows, irrigating plants. In addition, we adopt sensor-activated faucets and post water conservation signs at water usage points. We regularly inspect water pipes, faucets and washrooms in offices to promptly replace aging components and prevent hidden water dripping.

Emissions

Our greenhouse gas emissions from our own operations primarily consist of Scope 2 emissions. Scope 1 direct emissions include the direct greenhouse gas emissions from activities under our operational control. We do not engage in Scope 1 greenhouse gas emission because we do not carry out any production activities and our business operations do not involve direct energy consumption. Scope 2 energy indirect emissions primarily include the greenhouse gas emissions from our usage of purchased electricity. Other indirect emissions that occur outside of our direct operational control but are related to our value chain activities are categorized as Scope 3 indirect emissions. For Scope 3 greenhouse gas emissions, we have compiled and calculated the emission data corresponding to external consulting services and raw material and packaging material procurements under Category 1 (purchased goods and services) of the Scope 3 emission. Going

forward, we will progressively improve the data collection and calculation for other categories of Scope 3 emissions, and enhance the completeness and transparency of our Scope 3 emissions disclosure, so that our data collection work aligns with industry practices and emerging reporting standards.

With the expansion of our business and anticipated commercialization of our product candidates, we endeavor to curb the increase in our emissions and aim to keep them relatively stable. We will continue to adopt a wide range of environment conservation measures to limit resource consumption and emissions.

Waste Management

We have implemented a series of targeted measures to manage waste, wastewater and exhaust gases. We also engage qualified third-party institutions to test our emissions and ensure that our emissions meet discharge standards, and our waste is disposed of in compliance with relevant regulations.

- *General Solid Waste*. We classify and recycle general solid waste. We have established a standard management process of 'collection, storage, transportation and disposal', and maintain dedicated and detailed record, ensuring proper management and disposal of waste.

- *Hazardous Waste*. Our hazardous waste mainly includes laboratory waste, laboratory waste liquids, spent activated carbon and waste reagent packaging from our R&D activities. We collect and classify them on-site and transport them to dedicated hazardous waste storage facilities. We then transfer such hazard waste to qualified third parties for harmless disposal. We have established a systematic onboard training management process to provide knowledge and skills training and assessment on hazardous waste collection and transfer to relevant employees, reducing risks in the hazardous waste disposal process.

- *Wastewater*. We have implemented classified and tiered treatment process for production wastewater and domestic sewage. Production wastewater is pre-treated at our facilities and discharged into the municipal sewage network after meeting all discharge standards. Domestic sewage is treated through the properties' sewage treatment system. To ensure continuous compliance, we have established a monitoring system to regularly monitor wastewater discharge outlets and inspect and maintain treatment facilities to ensure stable operation of treatment facilities and compliant discharge of wastewater.

- *Exhaust Gas*. We reduce the escape of volatile organic compounds through scientific management of chemical use processes and ensure the continuous and stable operation of pollution prevention facilities by regularly replacing activated carbon and other adsorbents. We also maintain facility maintenance record with clearly designated responsible persons. We have formulated regular monitoring plans and engage third-party institutions to monitor key indicators at discharge outlets to ensure that exhaust gas meet emission requirements.

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental laws and regulations in all material aspects. As of the Latest Practicable Date, given our business nature, we believe that our assets or business activities are not subject to material climate-related transition risks or physical risks.

Environmental Targets

We benchmark against comparable industry peers and analyze our historical data and improvement potential to set reasonable and achievable targets. In terms of resource consumptions and emissions, we target to reduce (i) the intensity of energy consumption by R&D expenditure by 15%, (ii) the intensity of water consumption by R&D expenditure by 5% and (iii) Scope 1 and Scope 2 greenhouse gas emissions intensity by R&D expenditure by 5% by 2027 as compared to 2025. In terms of waste management, we target to ensure 100% compliant discharge of exhaust gases and wastewater, as well as 100% compliant disposal of solid waste across all company facilities, including laboratories and offices. Furthermore, we are committed to continuously reducing the intensity of hazardous waste by R&D expenditure year by year.

To achieve these targets, we will further refine our internal policies and procedures for energy and water management and strengthen on-site control and process monitoring, striving for a gradual reduction in energy and water intensity while maintaining stability. Concurrently, we will continue implementing dedicated projects for energy conservation, emission reduction and water efficiency improvement, providing the management and technical foundation for achieving our environmental goals. Consequently, we expect our capital expenditure and operational costs to increase in the short term. However, in the long term, we believe this will lead to reduced energy and resource consumption costs, enhanced brand reputation and lower compliance and litigation risks.

Supply Chain Management

Our quality department, in collaboration with relevant business departments, conduct annual audits of raw material suppliers and CDMOs. The audit covers product quality, non-conforming product handling, production conditions, service quality, ESG risks (including environmental compliance, labor rights and business ethics compliance) and implementation of audit recommendations. Prior to manufacturing of clinical trial samples, we conduct on-site inspections of CDMOs and execute quality agreements specifying requirements and responsibilities for quality matters. During the service term, we conduct on-site supervision and review quality-related documents and records in accordance with quality agreement requirements, ensuring CDMOs properly handle, use, store, treat and dispose of hazardous materials and waste in compliance with GMP requirements and our quality management standards as well as their compliance with environmental and health requirements.

Data Privacy

To ensure data privacy and security, we have established an information security and privacy protection mechanism covering account access management and email security protection, with granular permission settings for each employee to ensure data access minimization and controllability. We deployed email gateway systems to comprehensively prevent sensitive information leakage and network threats, providing reliable security safeguards for daily operations and business data.

While we receive, collect and store de-identified information of participants enrolled in our clinical studies, such as participant demographics and baseline disease status and the corresponding clinical data, primarily including test results as outlined in the study plan, through electronic data capture system, we do not receive, collect, process and store any identifiable personal data. As to cross-border data transfer, we mainly transfer summary clinical trial data which does not contain personal information of enrolled patients for regulatory communications and filings and we have not conducted any cross-border transfer of personal data. We collect and retain data only as permitted by law and as necessary for our clinical studies. The participant information and clinical data we collect are primarily used for drug research and development, drug registration applications and reporting of adverse drug reactions. We have formulated and implemented data security and privacy protection measures and established strict data access controls. Our agreements with CROs also explicitly incorporate requirements for patient data security and privacy protection. This

includes strict confidentiality obligations for technical materials, research reports, product information and other data provided by us or generated during collaboration. During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations concerning data privacy and security in the PRC and the United States in all material aspects and had not been subject to any material administrative penalty concerning data privacy and security. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incident of patient data or other personal data leakage or material loss.

Occupational Health and Work Safety

We strive to provide a safe working environment that guards the health and safety of our employees and communities. We are subject to occupational health and safety laws and regulations in the PRC. We have established an occupational health and safety monitoring mechanism, with our operations management department responsible for organizing workplace hazard identification and risk assessment work and formulating response measures. In addition, we have improved hazardous chemical management measures at the operational safety level, achieving closed-loop standardized control of classification, labeling, storage and disposal. We also organize specialized training on chemicals, environmental health and safety and biosafety, and conduct hazardous chemical spill emergency drills and fire evacuation exercises to enhance employees' safety awareness and ability to respond to emergencies. To comprehensively protect employees' occupational health and safety, we also provide employees with health benefits such as annual health check-ups, supplementary commercial medical insurance and labor protection equipment, effectively safeguarding employees' physical and mental health.

During the Track Record Period and as of the Latest Practicable Date, we complied with the relevant occupational health and safety laws and regulations in the PRC and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the same period.

Social Responsibilities

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We have transparent policies on recruitment, compensation, dismissal, equal opportunities, diversity and anti-discrimination. We hire employees based on their merits and it is our corporate vision to offer equal opportunities to our employees. We encourage our employees who encounter any discrimination to seek immediate assistance, which also allows us to conduct timely investigation and follow up as needed. In addition, we provide training programs on industry and regulatory developments to our employees. In the year ended December 31, 2025, our overall employee turnover rate was 9.7%. As of the Latest Practicable Date, we had 43 female employees, accounting for 64.2% of our total employees.

In addition, we are committed to continuously improving our internal anti-corruption and business ethics management system in compliance with the relevant laws and regulations. We have established whistleblowing and complaints procedures and related monitoring mechanisms to ensure timely identification and handling of illegal or non-compliant conduct. We also conduct regular anti-corruption and compliance training to enhance employees' awareness of anti-bribery and improve their compliance capabilities. We have included anti-commercial bribery clauses in certain procurement contracts to prevent corruption and maintain clean, transparent business relationships. During the Track Record Period and up to the Latest Practicable Date, we did not have any litigation or proceedings relating to corruption, bribery or unfair competition.

Clinical Safety and Animal Welfare

We engage CROs to conduct clinical trials. In terms of protecting the rights and interests of patients, we strictly adhere to the Good Clinical Practice (GCP) and relevant ethical review regulations. We establish informed consent forms to ensure that subjects voluntarily participate with

full understanding and procure high-coverage clinical trial insurance to provide subjects with adequate risk protection. For pharmacovigilance, we have established an internal-external collaborative safety monitoring mechanism, where both safety events are jointly reviewed by third-party pharmacovigilance team and our internal team, further strengthening the safety safeguards for trial participants.

We have established a comprehensive and standardized review procedure for animal welfare, integrating ethical principles and welfare safeguards throughout the entire process of outsourced animal studies. We entrust all animal testing to qualified CROs and require them to strictly adhere to domestic regulations such as the Regulations on the Management of Laboratory Animals, Guidelines for the Ethical Review of Laboratory Animal Welfare and General Principles for the Welfare of Laboratory Animals, as well as international standards such as Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) certifications. During studies, we monitor the activities of CROs for full implementation of the "3R principles" (Replacement, Reduction, and Refinement) and ensure that relevant personnel are equipped with knowledge of relevant regulations, ethics, operational skills and animal welfare requirements through pre-job training and assessments. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse clinical safety event and/or animal welfare non-compliance incident.

PROPERTIES

We are headquartered in Wenzhou, Zhejiang province. As of the Latest Practicable Date, we did not own any real property. As of the Latest Practicable Date, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets and no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

As of the Latest Practicable Date, we leased five properties with an aggregate gross floor area of 2,537 sq.m. in Wenzhou, Shanghai, Guangzhou and Hong Kong for our daily business operations and R&D functions.

LICENSES, PERMITS AND APPROVALS

We are required to maintain or renew the necessary permits, licenses and certifications for our business. During the Track Record Period and up to the Latest Practicable Date, we obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China and overseas. The table below sets forth the relevant details of the material license we hold for our operations.

Company	License	Status
Our Company	Business license	Perpetual
VivaVision Shanghai	Business license	Effective until July 10, 2043
VivaVision Hong Kong	Business registration certificate	Effective until January 15, 2027

RISK MANAGEMENT AND INTERNAL CONTROL

We are subject to various risks during our operations. See "Risk Factors." We have established a consolidated risk management system and relevant policies and procedures which we consider suitable for our business operations. Our policies and procedures are aimed at managing and monitoring our business performance.

To monitor the continuous implementation of risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three members: Mr. Xu Decai, chairman of the committee, Mr. Shen Hongquan and Mr. Huang Yide. For the qualifications and experiences of these members, see "Directors and Senior Management";

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;

- provide regular anti-corruption and anti-bribery compliance training for senior management and employees to enhance their knowledge of and compliance with applicable laws and regulations; and

- arrange our Directors and senior management to attend training seminars on Listing Rules requirements and the responsibilities as directors of a Hong Kong-listed company.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us which may have a material and adverse impact on our business, financial condition or results of operations.

During the Track Record Period and as of the Latest Practicable Date, we had not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our company as a whole.

OVERVIEW

As of the Latest Practicable Date, Dr. Shen is interested in approximately 15.92% of the Shares. Accordingly, Dr. Shen constitutes our Single Largest Shareholder. See "History, Development and Corporate Structure" for further details.

Immediately following the completion of the [**REDACTED**], Dr. Shen will hold approximately [**REDACTED**]% of the Shares (assuming the [**REDACTED**] is not exercised). Therefore, upon Listing, Dr. Shen will remain as our Single Largest Shareholder and our Company will not have any controlling shareholders as defined under the Listing Rules.

COMPETITION

As of the Latest Practicable Date, Dr. Shen has confirmed that he did not have an interest in a business excluded from the business of our Group which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER AND HIS CLOSE ASSOCIATES

Our Directors consider that we are capable of carrying on our business independently from Dr. Shen and his close associates after Listing, taking into consideration the factors below.

Management Independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Dr. Shen is an executive Director, chief executive officer, chairman of the Board and our Single Largest Shareholder, responsible for the strategic planning, business direction and daily operations and management of our Group. Our other Directors have relevant experience to ensure the proper functioning of the Board.

We believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Shareholder and/or his close associates for the following reasons:

(i) each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is an actual or potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(ii) our Board comprises seven Directors, including three independent non-executive Directors, which represent over one-third of the members of our Board. Our independent non-executive Directors have extensive experience in corporate management and governance, and they are appointed to ensure that our Board will only make decisions after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review; and

(iii) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and Dr. Shen that would support our independent management. For details, see "—Corporate Governance" in this section.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from Dr. Shen and his close associates after the Listing.

Operational Independence

We have full rights to make all decisions on, and carry out, our own business operations independently from Dr. Shen and his close associates and will continue to do so after the Listing. Our Group is able to operate without reliance on Dr. Shen and his close associates.

Access to suppliers and business partners

We have independent access to our suppliers, business partners and other resources required for our business. Our suppliers and business partners bases are diversified and unrelated to Dr. Shen and his close associates.

Operational facilities and administration

We have full-time management team and staff to carry out our own administration and operation independently from Dr. Shen and his close associates. All key administrative functions (including administration, finance, internal audit, human resources, legal and compliance and company secretarial functions) have been and will be carried out by our own without reliance or the support of Dr. Shen and his close associates.

Employees

As of the Latest Practicable Date, save as disclosed in the section headed "Directors and Senior Management" in this document, all of our full-time employees were independent from Dr. Shen and his close associates and were primarily recruited through both internal referrals and external sources such as campus recruitment, recruitment websites and third-party recruiters.

Based on the reasons above, our Directors are of the view that we have full rights to make all decisions on, and to carry out, our own business operations independently from Dr. Shen and his close associates and will continue to do so after the Listing.

Financial Independence

We have independent internal control and accounting systems and make financial decisions according to our business needs. We also have an independent finance department responsible for discharging the financial management, accounting, reporting, funding and treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on Dr. Shen or his close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on Dr. Shen or his close associates after Listing.

CORPORATE GOVERNANCE

Upon Listing, our Company will comply with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and Dr. Shen or his close associates:

(i) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will take effect upon Listing. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(ii) a Director with himself/herself or his/her close associates having material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest at the meeting of our Board, shall abstain from voting on such matters and not be counted in the quorum, unless the attendance or participation of such Director at such meeting of the Board is permitted under the Listing Rules;

(iii) we are committed that our Board should include a balanced composition with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors and Senior Management—Board of Directors—Independent non-executive Directors";

(iv) we have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(v) our Company has established internal control mechanisms to identify connected transactions. Upon and after the Listing, if our Company enters into connected transactions with Dr. Shen or any of his associates, our Company will comply with the applicable Listing Rules; and

(vi) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

Based on the above, our Directors believe that there are sufficient and adequate corporate governance measures in place to manage existing and potential conflicts of interest that may arise between our Group and our Single Largest Shareholder, and to protect minority shareholders' interests after the Listing.

BOARD OF DIRECTORS

Our Board of Directors comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include, among others, determining our business and investment plans, preparing our annual financial budgets and final reports, and exercising such other powers, functions and duties as may be conferred by the Articles. The table below sets out the key information of our Directors.

Name	Age	Date of joining our Group	Date of appointment as Director[(1)]	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Dr. Shen Wang (沈旺)	61	September 22, 2016	February 10, 2026	Executive Director, chief executive officer and chairman of our Board	Responsible for the strategic planning, business direction and daily operations and management of our Group	None
Dr. Xia Erning (夏爾寧)	66	March 1, 2020	February 10, 2026	Executive Director and chief technology officer	Responsible for overseeing the product research and development of our Group	None
Non-executive Directors						
Ms. Sun Jialin (孫佳林)	43	January 30, 2026	February 10, 2026	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	None
Mr. Huang Yide (黃益德)	42	January 30, 2026	February 10, 2026	Non-executive Director	Responsible for providing guidance for the strategy and business development of our Group	None
Independent non-executive Directors						
Mr. Xu Decai (徐德才)	53	January 30, 2026	February 10, 2026	Independent non-executive Director	Responsible for providing independent advice to our Board	None
Mr. Shen Hongquan (申紅權)	55	January 30, 2026	February 10, 2026	Independent non-executive Director	Responsible for providing independent advice to our Board	None
Mr. Zhang Nan (張楠)	42	January 30, 2026	February 10, 2026	Independent non-executive Director	Responsible for providing independent advice to our Board	None

Note:

(1) The re-designation of each Director as an executive Director, a non-executive Director or an independent non-executive Director was approved by the Shareholders on February 10, 2026.

Executive Directors

Dr. Shen Wang (沈旺), aged 61, is an executive Director, chief executive officer, chairman of the Board and our Single Largest Shareholder. Dr. Shen founded our Group in September 2016 and has been serving as a Director and the chief executive officer since then, and as chairman of the Board since March 2018. Dr. Shen was re-designated as an executive Director on February 10, 2026. Dr. Shen held directorship in various subsidiaries of the Company, including as a director of

VivaVision U.S. since May 2023, VivaVision Shanghai since July 2023 and VivaVision Hong Kong since July 2024. He is primarily responsible for the strategic planning, business direction and daily operations and management of our Group.

Dr. Shen has over 30 years of experience in the pharmaceutical and biotechnology industries. Prior to founding the Group, from September 1993 to May 2001, he served various positions at Abbott Laboratories, a company listed on the NYSE (stock code: ABT), with his last position as a medicinal chemistry research group leader. From June 2001 to April 2005, he served as an associate director of medicinal chemistry at Sunesis Pharmaceuticals, Inc., a company formerly listed on NASDAQ (ticker symbol: SNSS). From May 2005 to December 2008, he served as a principal scientist at Amgen Inc., a company listed on NASDAQ (ticker symbol: AMGN). From January 2009 to March 2016, he served as the president of the United States office of Jiangsu Kanion Pharmaceutical Co., Ltd. (江蘇康緣藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600557). From August 2015 to March 2016, he served as the vice president of chemistry at Vivace Therapeutics, Inc.. Since November 2020, Dr. Shen has served as chairman of the board of E-nitiate, which is held as to approximately 16.18% by our Company.

Dr. Shen obtained his bachelor's degree in science from Fudan University (復旦大學) in the PRC in July 1985, and obtained his doctor's degree in chemistry from the University of Pittsburgh in the United States in August 1991.

Dr. Xia Erning (夏爾寧), aged 66, is an executive Director and chief technology officer of our Group. Dr. Xia joined our Group on March 1, 2020 and has served as our chief technology officer since then. Dr. Xia was re-designated as our executive Director on February 10, 2026. He is primarily responsible for overseeing the product research and development of our Group.

Dr. Xia has 30 years of experience in pharmaceuticals and medical devices research and development. From May 1995 to May 2014, he was a research fellow at Bausch + Lomb. From January 2008 to December 2012, he served as an honored distinguished research fellow at the Shandong Institute of Pharmaceutical Research (山東省藥學科學院). From September 2013 to March 2019, he served as the chief technology officer at Fulcrum International Technologies, Inc. Since April 2024, he has served as chairman of the board of Jiangxi Shining Weimou Pharmaceutical Co., Ltd. (江西閃亮維眸醫藥有限公司), an associate which is held as to approximately 25.00% by our Company. Since June 2025, he has served as a deputy director of the Laboratory for Ophthalmic Drug Innovation and Medical Device Research and Development of the Zhejiang Province (全省眼科藥物創製與醫療器械研發重點實驗室).

Dr. Xia obtained a bachelor's degree and a master's degree in science from the Nanjing College of Pharmacy (南京藥學院), now known as China Pharmaceutical University (中國藥科大學), in the PRC in July 1982 and June 1985, respectively. He obtained his doctor's degree from the College of Pharmacy of the University of Iowa in the United States in August 1995.

Non-executive Directors

Ms. Sun Jialin (孫佳林), aged 43, joined our Group and was re-designated as our non-executive Director on February 10, 2026. She is primarily responsible for providing guidance for the strategy and business development of our Group.

Ms. Sun has over 18 years of experience in venture capital and investment management. Since August 2007, she has served various positions at ShenZhen GTJA Investment Group Co., Ltd. (深圳市高特佳創業投資集團有限公司), with her current position as general manager. Since July 2021, she has served as a legal representative and executive director at Shanghai GTJA Investment Management Co., Ltd. (上海高特佳創業投資管理有限公司).

Ms. Sun obtained her bachelor's degree in law from Yangzhou University (揚州大學) in the PRC in June 2005, and her master's degree in law from Soochow University (蘇州大學) in the PRC in June 2008.

Mr. Huang Yide (黃益德), aged 42, joined our Group and was re-designated as our non-executive Director on February 10, 2026. He is primarily responsible for providing guidance for the strategy and business development of our Group.

Mr. Huang has over 15 years of experience in scientific research and development and relevant investment activities. From September 2010 to July 2012, he served at the Xiamen Huli District Center for Disease Control and Prevention (廈門市湖裡區疾病預防控制中心). From July 2012 to December 2016, he served at the Institute of Urban Environment of the Chinese Academy of Sciences (中國科學院城市環境研究所). He has worked at Xiamen Changrong Investment Management Co., Ltd. (廈門長融投資管理有限公司) since January 2017, with his current position as an investment director. From April 2021 to July 2022, he served as a director of Proviva Therapeutics, Inc. Since September 2021, he has served as a director of Eubulus Biotherapeutics Inc.. From September 2025 to February 2026, he served as a director of Arthrosi Therapeutics, Inc. He has served as a director of CR Capital Management Inc. since December 2025.

Mr. Huang obtained his bachelor's degree in medicine in June 2007 and his master's degree in medicine majoring in nutrient and food hygiene in June 2010 from Central South University (中南大學) in the PRC.

Independent non-executive Directors

Mr. Xu Decai (徐德才), aged 53, was re-designated as our independent non-executive Director on February 10, 2026. He is primarily responsible for providing independent advice to our Board.

Mr. Xu has over 20 years of experience in financial management. Earlier in his career, among other positions, he served as the finance director of multimedia at TCL Technology Group Corporation (TCL科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 100). From September 2011 to March 2016, he worked at China Resources Pharmaceutical Holdings Company Limited (華潤醫藥控股有限公司), a subsidiary of China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司), a company listed on the Stock Exchange (stock code: 3320). Since May 2016, Mr. Xu has served as the chief financial officer at Beijing Ape Power Technology Co., Ltd. (北京猿力科技有限公司).

Mr. Xu obtained his bachelor's degree in engineering from Beihang University (北京航空航天大學) in the PRC in July 1994, and his master's degree in economics from Peking University (北京大學) in the PRC in July 1998. Mr. Xu was qualified as a non-practising member of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in the PRC in July 1996.

Mr. Shen Hongquan (申紅權), aged 55, was re-designated as our independent non-executive Director on February 10, 2026. He is primarily responsible for providing independent advice to our Board.

Mr. Shen has over 30 years of experience in investment management in the pharmaceutical and healthcare industries. From September 1993 to February 2007, he worked at China Resources Company Limited (中國華潤有限公司). He later worked as a director and a vice general manager at China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. (華潤三九醫藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 999) from April 2008 to February 2009 and from June 2008 to February 2009, respectively. He subsequently worked at China Resources Pharmaceutical Holdings Company Limited (華潤醫藥控股有限公司), a subsidiary of China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司), a company listed on the Stock Exchange (stock code: 3320) from December 2012 to January 2015, with his last position as

the director of marketing. Since October 2017, he has served as a founding partner at Suzhou Longmen Venture Capital Partnership (Limited Partnership) (蘇州隆門創業投資合夥企業(有限合夥)). Since September 2021, he has served as founding partner of Hainan Qishen Venture Capital Partnership (Limited Partnership) (海南啟申創業投資合夥企業(有限合夥)). Since July 2025, he has served as senior consultant of the Shanghai Biomedical Mergers and Acquisition Fund LP (上海生物醫藥並購私募基金合夥企業(有限合夥)) of Shanghai Shangshi Capital Management Company Limited (上海上實生物醫藥管理諮詢有限公司). He currently also serves as a director of Bono Kangyuan (Beijing) Pharmaceutical Technology Co., Ltd. (博諾康源(北京)藥業科技有限公司), a director and general manager of Huzhou Maoshen Enterprise Management Co., Ltd. (湖州茂申企業管理有限公司), and a director of Shanghai Keku Medical Technology Co., Ltd. (上海科庫醫療技術有限公司).

Mr. Shen obtained his bachelor's degree in engineering from Beijing University of Technology (北京工業大學) in the PRC in July 1993, and his Master of Business Administration from Renmin University of China (中國人民大學) in the PRC in June 2002. Mr. Shen obtained his legal profession qualification from the Ministry of Justice of the PRC in September 2002.

Mr. Zhang Nan (張楠), aged 42, was re-designated as our independent non-executive Director on February 10, 2026. He is primarily responsible for providing independent advice to our Board.

Mr. Zhang has over 17 years of experience in investment management and financial services. From November 2007 to October 2010, he worked at CITIC Securities Co., Ltd. (中信證券股份有限公司). From November 2010 to September 2012, he served as a corporate client manager at Deutsche Bank (China) Co., Ltd. (德意志銀行(中國)有限公司). From December 2013 to February 2016, he served as deputy general manager at CNCB (Beijing) Equity Investment Fund Management Co., Limited (信銀振華(北京)股權投資基金管理有限公司). From January 2016 to September 2017, he served as the general manager at Beijing Xinwen Capital Management Co., Ltd. (北京信文資本管理有限公司). From September 2018 to September 2021, he served as a partner at Suzhou MING Bioventures LP (蘇州聚明投資管理合夥企業(有限合夥)). Since October 2021, Mr. Zhang has served as a partner at Beijing Seasonal Investment Management Co., Ltd. (北京時節投資管理有限公司).

Mr. Zhang obtained his bachelor of science in economics and finance from The Hong Kong University of Science and Technology in November 2006. He obtained his master of arts from the University of Toronto in Canada in June 2007.

Save as disclosed above and in this document, each of our Directors has confirmed that he/she has no other relationship with any other Directors or senior management of our Company and none of our Directors has held any other directorships in listed companies during the three years immediately preceding the date of this document.

Save as disclosed below, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Ms. Sun Jialin ("Ms. Sun") was a supervisor of Rinpak Technology (Shanghai) Co., Ltd. (潤百計算機(上海)有限公司) ("Rinpak Technology"), the business license of which was revoked on December 23, 2016 due to difficulties in its business operations and failure to conduct annual inspections in a timely manner. As confirmed by Ms. Sun, the revocation of the business license of Rinpak Technology was not caused by her, and she did not bear any personal responsibility and was not subject to any claim by third party for such revocation or for serving as a supervisor of Rinpak Technology.

Each of our Directors has confirmed that he/she obtained the legal advice on February 1, 2026 with regard to the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as set out in Rule 3.09D of the Listing Rules and he/she understood his/her obligations as a director of a listed issuer.

Each of our independent non-executive Directors has confirmed his independence with regards to each of the factors as set out in Rule 3.13(1) to (8) of the Listing Rules and that there are no other factors that may affect his independence at the time of his/her appointment.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out the key information of our senior management:

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
Dr. Shen Wang (沈旺)	61	September 22, 2016	September 22, 2016	Executive Director, chief executive officer and chairman of our Board	Responsible for the strategic planning, business direction and daily operations and management of our Group	None
Dr. Xia Erning (夏爾寧) . .	66	March 1, 2020	March 1, 2020	Executive Director and chief technology officer	Responsible for overseeing the product research and development of our Group	None
Dr. Tsai Albert Jr. (蔡建明). . .	52	September 22, 2025	September 22, 2025	Chief medical officer	Responsible for overseeing the medical research and development of our Group	None

Dr. Shen Wang (沈旺), aged 61, is an executive Director, chief executive officer, chairman of the Board and our Single Largest Shareholder. For his biography, see "—Board of Directors—Executive Directors" in this section.

Dr. Xia Erning (夏爾寧), aged 66, is an executive Director and chief technology officer of our Company. For his biography, see "—Board of Directors—Executive Directors" in this section.

Dr. Tsai Albert Jr. (蔡建明), aged 52, joined our Group in September 2025 and has served as our chief medical officer since then. He is primarily responsible for overseeing the medical research and development of our Company.

Dr. Tsai has over 28 years of experience in the pharmaceutical and biotechnology industries. Prior to joining the Group, from June 1997 to June 2000, he served as a sales representative and regional trainer at AbbVie Inc., a company listed on New York Stock Exchange (ticker symbol: ABBV). From July 2000 to February 2003, he served various positions at Amgen Inc., a company listed on NASDAQ (ticker symbol: AMGN), with his last position as a licensing operations manager at the global market and licensing department. From April 2003 to May 2005, he served as a senior consultant at G.E. HealthCare Technologies Inc., a company listed on NASDAQ (ticker symbol: GEHC). From May 2005 to June 2007, he served as a Hong Kong country medical director at Merck & Co., Inc., a company listed on New York Stock Exchange (ticker symbol: MRK). From June 2007 to March 2013, he served various positions at Bayer Aktiengesellschaft, a company listed on the Frankfurt Stock Exchange (stock code: BAYN), with his last position as the head of medical. From

March 2013 to April 2014, he served as the chief executive officer and principal consultant at Healthcare Research Institute (HRI). From April 2014 to July 2019, he served as the vice president and general manager of the Asia Pacific region at The Medicines Company, a company listed on NASDAQ (ticker symbol: MDCO). From July 2019 to February 2021, he served as the vice president and regional medical officer of the Asia Pacific region at PPD, Inc., a company listed on NASDAQ (ticker symbol: PPD). From February 2021 to September 2025, he served as the chief medical officer at Zhaoke Ophthalmology Limited (兆科眼科有限公司), a company listed on the Stock Exchange (stock code: 6622).

Dr. Tsai obtained his bachelor's degree of science in medicine in June 1994 and a doctor's degree of medicine in June 1997 from the Northwestern University in the United States. He further obtained a master of business administration degree from the Gordon S. Marshall School of Business of the University of Southern California in the United States in May 2002.

JOINT COMPANY SECRETARIES

Dr. Sun Yanyan (孫妍妍) was appointed as our joint company secretary in February 2026. Dr. Sun joined our Group in April 2023 as the head of business development department and has served as a vice president since May 2024.

Dr. Sun has around ten years of experience in investment management. From March 2016 to June 2018, she served as an investment manager of the investment and finance department at Shanghai United Imaging Healthcare Co., Ltd. (上海聯影醫療科技有限公司). From March 2020 to November 2022, she served as a non-executive director at Viva Biotech Holdings Group (維亞生物科技控股集團). From June 2018 to December 2022, she served as an investment director at Fenghong Investment Management (Shanghai) Co., Ltd. (風鴻投資管理(上海)有限公司).

Dr. Sun obtained a bachelor's degree in science, majoring in biological science from Nanchang University (南昌大學) in the PRC in June 2009, and a doctoral degree in science, majoring in neurobiology from Fudan University (復旦大學) in the PRC in October 2016.

Ms. Chan Ching Nga (陳靜雅) was appointed as our joint company secretary in February 2026.

Ms. Chan has over 20 years of experience in company secretarial and corporate governance fields and is currently a senior manager of Entity Solutions at Computershare Hong Kong Investor Services Limited. She holds a master's degree in corporate governance from The Hong Kong Polytechnic University. Ms. Chan is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established the Audit Committee pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code. as set out in Appendix C1 to the Listing Rules (the "CG Code"). The Audit Committee consists of Mr. Xu Decai, Mr. Shen Hongquan and Mr. Huang Yide. Mr. Xu Decai is the chairperson of the Audit Committee and has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing the disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports; (ii) appointing or removing the Company's external auditor; (iii) appointing or removing the Company's financial controller; (iv) amending accounting policies, accounting estimates, or correcting major accounting errors for reasons other than changes in accounting standards; (v) supervising the Company's financial reporting system, risk management and internal control systems; and (vi) performing other duties and responsibilities required by the relevant laws, regulations, the Listing Rules and the Company's Articles of Association.

Remuneration Committee

We have established the Remuneration Committee pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E.1 of Part 2 of the CG Code. The Remuneration Committee consists of Mr. Zhang Nan, Mr. Huang Yide and Mr. Xu Decai. Mr. Zhang Nan is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to: (i) establishing performance appraisal criteria for our Directors and senior management and conduct appraisals; (ii) formulating and reviewing remuneration policies and plans for our Directors and senior management; (iii) making recommendations to our Board on the formulating procedure, policy and structure of remuneration for our Directors and senior management; (iv) making recommendations to our Board on the formulation or amendment of employee incentive schemes; (v) making recommendations to our Board on the realization of conditions for the incentive targets in obtaining and exercising their granted rights; (vi) making recommendations to our Board and senior management on the establishment of employee incentive schemes; and (vii) performing other duties and responsibilities as assigned by our Board.

Nomination Committee

We have established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of Mr. Shen Hongquan, Mr. Zhang Nan and Ms. Sun Jialin. Mr. Shen Hongquan is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to: (i) formulating the selection criteria and procedures for Directors and senior management; (ii) selecting and reviewing the candidates and qualifications for Directors and senior management; (iii) making recommendations to our Board on the size and composition of the Board based on the Company's business operations, scale of assets and equity structure; (iv) making recommendations on the selection criteria, procedure and methods for Directors and senior management; (v) identifying qualified candidates for Directors and senior managements and submitting them to the Board for consideration; (vi) making recommendations to our Board on the nomination, appointment or removal of Directors; (vii) making recommendations to our Board on the evaluation of the independence of independent non-executive Directors; (viii) making recommendations on the adoption of a board diversity policy and disclose such policy or a summary of it in the corporate governance report; (ix) making recommendations on the appointment or removal of senior management; and (x) performing other duties and responsibilities as assigned by our Board.

BOARD DIVERSITY POLICY

Our Board [has] adopted a board diversity policy ("Board Diversity Policy"), which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background,

ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience, including but without limitation to pharmacy and biotechnology, business management, operations management, financial management and investment management. Members of our Board have obtained degrees in various majors including but not limited to science, pharmacy, law, business administration, engineering and arts. We have three independent non-executive Directors from different backgrounds, including accounting, financial management and investment management. Furthermore, our Directors are of a wide range of age, from 42 years old to 66 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises one female Director and six male Directors and expects to continue to maintain an appropriate gender mix in the Board upon Listing. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our Board Diversity Policy provides that our Board should aim to increase the proportion of female members over time after Listing where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After Listing, our Nomination Committee will review our Board Diversity Policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. To accomplish this, our Company expects to comply with the CG Code and the associated Listing Rules after the Listing save for the deviation as mentioned below. Any deviation from the code provisions shall be carefully considered, and the reasons for any deviation and explanation of how good corporate governance was achieved by means other than strict compliance with the code provisions shall be given in the interim report and the annual report in respect of relevant period.

According to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer are currently performed by Dr. Shen. In view of Dr. Shen's substantial contribution to our Group since our establishment and his extensive experience, our Board believes that it is in the best interest of our Group to have Dr. Shen taking up both roles for effective management and operations. Therefore, our Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, our Directors are of the view that our Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of our Board and the relevant Board committees, and there are three independent non-executive Directors on our Board offering independent perspective, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient

balance of powers within our Board. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of fees, salaries and other benefits and contribution to pension scheme.

The aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments) paid or payable to our Directors for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026 was RMB3.0 million, RMB3.7 million and RMB2.1 million, respectively. Save as disclosed above, no amounts have been paid or are payable by any member of our Group to our Directors for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026.

The aggregate amount of salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments paid or payable to our five highest paid individuals in respect of the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026 was RMB18.0 million, RMB10.9 million and RMB6.8 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments) of our Directors for the year ending December 31, 2026 is estimated to be no more than approximately RMB4.7 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

EMPLOYEE INCENTIVE SCHEME

For further details of our employees' incentive scheme, See "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme" for details.

COMPETITION

Each of our Directors confirms that, as of the Latest Practicable Date, he/she did not have any interest in any business which competes, or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;

- where a transaction, which might be notifiable or connected transaction under the Listing Rules, is contemplated including shares issues, sales or transfer of treasury shares and share repurchases;

- where our Company proposes to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and the conversion of the Convertible Bond is not completed, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	Number of Shares[1]	Approximate percentage in the total issued Shares	Number of Shares[1]	Approximate percentage of shareholding in the relevant type of Shares
Dr. Shen	Unlisted Shares	Beneficial interest	45,900,000	15.92%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Beijing Longpan Health Medical Investment Center (L.P.) (北京龍磐健康醫療投資中心(有限合夥)) ("Longpan Health")	Unlisted Shares	Beneficial interest[2]	33,333,330	11.56%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Tibet Longpan Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)) ("Longpan Yijing")	Unlisted Shares	Interest in controlled corporation[2]	33,333,330	11.56%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Beijing Longpan Investment Management Consulting Centre (G.P.) (北京龍磐投資管理諮詢中心(普通合夥)) ("Beijing Longpan")	Unlisted Shares	Interest in controlled corporation[2]	33,333,330	11.56%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Tibet Longpan SME Development Fund Equity Investment Partnership (Limited Partnership) (西藏龍磐中小企業發展基金股權投資合夥企業(有限合夥)) ("Tibet Longpan")	Unlisted Shares	Interest in controlled corporation[2]	4,737,410	1.64%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Mr. Yu Zhihua (余治華) ("Mr. Yu")	Unlisted Shares	Interest in controlled corporations[2]	38,070,740	13.21%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Xiamen C&D Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司) ("Xiamen C&D")	Unlisted Shares	Interest in controlled corporation[2]	33,333,330	11.56%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Huzhou Xiulai	Unlisted Shares	Beneficial interest[3]	26,561,870	9.22%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Type of Shares to be held upon Listing	Nature of Interest	Number of Shares[1]	Approximate percentage in the total issued Shares	Number of Shares[1]	Approximate percentage of shareholding in the relevant type of Shares
Ms. Wu Ye (吳燁) ("Ms. Wu")	Unlisted Shares	Interest in controlled corporation[3]	26,561,870	9.22%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
HSG Venture VIII Holdco K, Ltd. ("HSG Venture")	Unlisted Shares	Beneficial interest[4]	20,597,430	7.15%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
HongShan Capital Venture Fund VIII, L.P.	Unlisted Shares	Interest in controlled corporation[4]	20,597,430	7.15%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
HSG Venture VIII Management, L.P.	Unlisted Shares	Interest in controlled corporation[4]	20,597,430	7.15%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
HSG Holding Limited	Unlisted Shares	Interest in controlled corporation[4]	20,597,430	7.15%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
SNP China Enterprises Limited	Unlisted Shares	Interest in controlled corporation[4]	20,597,430	7.15%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]
Mr. Neil Nanpeng Shen	Unlisted Shares	Interest in controlled corporation[4]	20,597,430	7.15%	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]

(1) All interests stated are long positions.

(2) Longpan Health is owned as to approximately 1.07% by Longpan Yijing as its general partner. Longpan Yijing is held as to (i) approximately 0.46% by Beijing Longpan as its general partner, which is ultimately controlled by Mr. Yu; (ii) approximately 53.60% by Xiamen C&D as its limited partner, which is ultimately controlled by State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會); and (iii) approximately 27.02% by Mr. Yu as its limited partner. Therefore, each of Longpan Yijing, Xiamen C&D and Mr. Yu is deemed to be interested in the Shares held by Longpan Health. Tibet Longpan is owned as to approximately 1.01% by Tibet Ruihan Enterprise Management Consulting Center (Limited Partnership) (西藏瑞瀚企業管理諮詢中心(有限合夥)) as its general partner, which is held as to 76.47% by Mr. Yu as its general partner. Therefore, Mr. Yu is deemed to be interested in the Shares held by Tibet Longpan.

(3) Huzhou Xiulai is managed by its general partner, Ms. Wu. Therefore, Ms. Wu is deemed to be interested in the Shares held by Huzhou Xiulai.

(4) HSG Venture is wholly owned by HongShan Capital Venture Fund VIII, L.P., whose general partner is HSG Venture VIII Management, L.P. The general partner of HSG Venture VIII Management, L.P. is HSG Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited whose sole shareholder is Mr. Neil Nanpeng Shen. Therefore, each of HongShan Capital Venture Fund VIII, L.P., HSG Venture VIII Management, L.P., HSG Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in the Shares held by HSG Venture.

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and the conversion of the Convertible Bond is not completed) and the Conversion of Unlisted Shares into H Shares, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

As of the Latest Practicable Date, the registered share capital of our Company was RMB28,824,452 divided into 288,244,520 Unlisted Shares, with a nominal value of RMB0.10 each.

Immediately after the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised), the share capital of our Company will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total issued share capital
[**REDACTED**]	H Shares to be converted from Unlisted Shares	[**REDACTED**]
[**REDACTED**]	H Shares to be issued under the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]		**100.00%**

Immediately after the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is exercised in full), the share capital of our Company will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total issued share capital
[**REDACTED**]	H Shares to be converted from Unlisted Shares	[**REDACTED**]
[**REDACTED**]	H Shares to be issued under the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]		**100.00%**

SHARE CLASSES AND RANKING

Upon the completion of the Conversion of Unlisted Shares into H Shares and the [**REDACTED**], our Shares will consist of H Shares. H Shares are ordinary Shares only.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded between legal or natural PRC persons.

All dividend for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital. For details of circumstances under which our Shareholders' general meetings are required, see "Appendix V—Summary of Articles of Association" to this document.

CONVERSION OF UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council, the Unlisted Shares may be converted into H Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed and all the filing procedures with the relevant regulatory authorities, including CSRC which requires administrative filing procedures for the conversion and trading of such converted Shares, have been obtained. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Filing with the CSRC and Full Circulation Application

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) and the Overseas Listing Trial Measures announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares and unlisted foreign shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. An H-share listed company may apply for a "Full Circulation" separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for "Full Circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for, and received the filing notice from the CSRC dated [●], 2026 in relation to the [**REDACTED**] and the conversion of [**REDACTED**] Unlisted Shares into H Shares on a one-for-one basis upon Listing.

Listing Approval by the Stock Exchange

We have applied to the Stock Exchange for the approval for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the H Shares to be converted from [**REDACTED**] Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (a) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (b) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

The Conversion of Unlisted Shares into H Shares will involve an aggregate of [**REDACTED**] Unlisted Shares held by [**REDACTED**] existing Shareholders, representing [**REDACTED**]% of total issued Shares of the Company as of the Latest Practicable Date and approximately [**REDACTED**]% of total issued Shares of the Company upon completion of the Conversion of Unlisted Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

The PRC Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] shall be subject to such statutory restriction and not be transferred within a period of one year from the Listing Date. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments."

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), the domestic shareholders of unlisted shares shall handle share transfer registration in accordance with the relevant rules of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) (the "CSDC"), and H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in the CSDC.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in "Appendix I—Accountants' Report" to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are an ophthalmology-focused biotech company. Leveraging our expertise in small-molecule drug discovery, advanced formulation development and translational research in ophthalmic diseases, we are building a competitive and differentiated product pipeline covering ocular indications affecting the surface and back of the eye with significant unmet clinical needs. We have established differentiated in-house research and development capabilities for innovative ophthalmic drugs and are selectively expanding into other disease areas with significant commercial potential. We have established integrated technology platforms, including ophthalmic small-molecule drug discovery, advanced formulation development and translational research, and have built a robust drug pipeline based on these platforms. As of the Latest Practicable Date, our product pipeline consisted of five clinical-stage product candidates, including our Core Products, VVN461(HD) and VVN001, and three other product candidates.

BASIS OF PRESENTATION

Our Company was established in the PRC as a limited liability company on September 22, 2016 and was converted into a joint stock company with limited liability on January 30, 2026. The historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"), and is presented in Renminbi unless otherwise stated. We have consistently adopted all IFRS Accounting Standards that are effective for the accounting period beginning from January 1, 2026 throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. For details, see note 2.1 to the Accountants' Report set out in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial conditions have been and will continue to be affected by a number of factors, including those key factors set out below.

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully develop and manufacture as well as our receipt of regulatory approval for and successful commercialization of our product candidates. 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 pipeline includes product candidates at various stages of development. For instance, for our VVN461(HD), we are conducting a Phase III clinical trial and expect to complete the trial in the first half of 2027. Based on efficacy results in the Phase II clinical trial of VVN461 for the treatment NIAU, our VVN461(HD) for the treatment of NIAU has received BTD from the NMPA, recognizing its therapeutic prospect and enabling a potentially expedited approval process. In addition, for VVN001, we completed a Phase I clinical trial in China in December 2021, a Phase II clinical trial in the United States in April 2022 and a Phase II clinical trial in China in December 2022. We commenced a Phase III clinical trial in China in June 2024. Our business and results of operations depend on our product candidates demonstrating favorable safety and efficacy profiles in clinical trials and our or our collaborators' ability to obtain the requisite regulatory approvals for the product candidates.

Our Operating Expenses

Our business and results of operations are significantly affected by our operating expenses, particularly our research and development expenses and administrative expenses, details of which are set out below.

- *Research and development expenses.* Our research and development expenses primarily consist of salary and benefits expenses for our R&D personnel, trial and testing fees primarily in relation to the payments to CROs and CDMOs and R&D material costs. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB128.3 million, RMB94.4 million, RMB47.9 million and RMB56.9 million, respectively.

- *Administrative expenses.* Our administrative expenses primarily consist of salary and employee benefits for our administrative personnel, professional service fees in relation to marketing research and consulting and general office expenses, primarily including property management fees and travelling and business expenses. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our administrative expenses amounted to RMB15.2 million, RMB20.4 million, RMB6.6 million and RMB21.7 million, respectively.

As we move from a clinical-stage company to a commercial-stage company, our cost structure will become more sophisticated with research and development expenses and administrative expenses continuing to increase in complexity.

Our Ability to Maintain Adequate Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing, bank borrowings and cash generated from our operations. Going forward, in the event of the successful commercialization of one or more of our product candidates, we expect to fund our operations primarily from the sales of our products. However, with the continuing expansion of our business and product portfolio, we may require further funding through public or private offerings, debt financing, collaborations and licensing arrangements or other sources. Any fluctuation in our ability to fund our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. For other material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, please refer to notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Material Accounting Policy Information

Research and Development Expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Fair Value Measurement

We measure our debt investments at fair value through other comprehensive income (FVTOCI) at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Accountants' Report in Appendix I to this document are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Investments and Other Financial Assets

Initial Recognition and Measurement

We classify financial assets, at initial recognition, as subsequently measured at amortized cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Our business model for managing financial assets refers to how we manage our financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTOCI (debt instruments)

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Redemption liabilities are initially recognized at the net present value of the redemption amount.

Our financial liabilities include trade and other payables, interest-bearing bank borrowings and redemption liabilities on owners' capital/equity shares.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (trade and other payables, amount due to a related party, borrowings and redemption liabilities on owners' capital/equity shares)

After initial recognition, trade and other payables, amount due to a related party, interest-bearing bank borrowings and redemption liabilities on owners' capital/equity shares are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Redemption Liabilities on Owners' Capital/Equity Shares

For the redeemable equity shares issued by us as detailed in note 24 to the Accountants' Report in Appendix I to this document, financial liabilities are recognized based on the net present value of the redemption amount and debited to equity. Changes of the net present value during the reporting period are recognized in profit or loss. When the redemption rights related to the redeemable owners' capital are terminated, redemption liabilities on owners' capital/equity shares are extinguished and credited to equity.

Share-Based Payments

Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer. Further details are set out in note 27 to the Accountants' Report in Appendix I to this document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computer and office equipment	19% to 31.67%
Machinery and equipment	19% to 31.67%
Motor vehicles	19% to 31.67%
Leasehold improvements	Over the shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property and equipment when completed and ready for use.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Significant Accounting Judgments and Estimates

The preparation of our historical financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

Research and Development Expenses

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are only capitalized and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Accountants' Report in Appendix I to this document. Determining the amounts to be capitalized requires management to make judgments on the technical feasibility of existing pipelines to be successfully commercialized and bring economic benefits to our Group.

Deferred Tax Assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation Uncertainty

Impairment of Non-Financial Assets (Other Than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's-length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notwithstanding that we recorded a loss for the years end December 31, 2024 and 2025 and the six months ended June 30, 2026, no indicators of the impairment for non-financial assets are identified as of December 31, 2024 and 2025 and June 30, 2026, since (i) the assets' value have not declined significantly, (ii) the assets are not obsolete or physically damaged; and (iii) the R&D project progress remains in line with expectations and the losses incurred for the Track Record Period did not exceed the budget for the same periods.

Accrual of Research and Development Expenses

We rely on contract research organizations, clinical site management operators and clinical trial centers (collectively referred to as "Outsourced Service Providers") to conduct, supervise, and monitor our Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of our Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestones achieved.

Fair Value of Share-Based Payment Transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the restricted shares, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, we use the backsolve from recent transaction method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The selected financial information set out below has been extracted from our financial information set out in the Accountants' Report in Appendix I to this document.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Other income and gains	8,572	7,047	1,806	1,684
Administrative expenses	(15,183)	(20,381)	(6,623)	(21,663)
Research and development expenses	(128,261)	(94,399)	(47,850)	(56,925)
Other expenses	(337)	(305)	(69)	(540)
Finance costs	(66,175)	(81,444)	(37,458)	(48,389)
Share of loss of an associate	(151)	(301)	(147)	(306)
Loss before income tax	**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**
Income tax expense	–	–	–	–
Loss for the year	**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**

Revenue

We are a pre-revenue biotech company. We did not generate any revenue or incur any cost of revenue during the Track Record Period.

Other Income and Gains

Our other income primarily consists of (i) government grants, primarily representing subsidies received from local government authorities to compensate for expenditure arising from our research and clinical trial activities, (ii) interest income from banks, (iii) interest income from debt investments at FVTOCI, (iv) interest income from the loan to an employee, and (v) interest income from the loan to a related party. Our other gains consist of (i) foreign exchange gains and (ii) gains on financial assets at FVTPL, primarily in relation to our wealth management products. The following table sets forth a breakdown of other income for the years/periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Other Income				
Government grants	5,650	5,566	1,509	313
Bank interest income	1,283	249	161	20
Interest income from debt investments at FVTOCI	–	67	–	264
Interest income from the loan to an employee	38	45	23	11
Interest income from the loan to a related party	143	155	78	38
Income from technical service	472	377	–	755
Others	28	37	35	44
Subtotal	7,614	6,496	1,806	1,445

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Other Gains				
Foreign exchange gains, net	453	18	–	45
Gains on financial assets at FVTPL	505	533	–	194
Subtotal	958	551	–	239
Total	**8,572**	**7,047**	**1,806**	**1,684**

Certain of our government grants require us to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. For example, in relation to the government grants we received during the Track Record Period, we were required to, among others, advance drug candidate into clinical stage, obtain provincial key laboratory designation, submit periodic progress reports and audited project accounts and complete the funded project in accordance with approved implementation schedule.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff compensation for our administrative personnel, (ii) professional service fees, mainly in relation to marketing research and consulting, (iii) share-based payment expenses, (iv) [**REDACTED**] in relation to the [**REDACTED**], (v) general office expenses, and (vi) depreciation and amortization in relation to our office renovation, leases and electronic equipment. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Employee benefits expenses	6,614	6,679	3,101	3,529
Professional service fees	3,056	3,143	1,853	2,802
Share-based payment expenses	2,660	2,415	855	1,779
General office expenses	943	832	387	645
Depreciation and amortization	1,253	646	329	446
[**REDACTED**]	–	6,345	–	11,058
Others[(1)]	657	321	98	1,404
Total	**15,183**	**20,381**	**6,623**	**21,663**

Note:

(1) Others primarily consisted of accrued reimbursement due to project termination, cleaning expenses, renovation expenses and repair and maintenance expenses.

Research and Development Expenses

Our research and development expenses primarily consist of (i) outsourced research and development costs primarily in relation to the payments to CROs and CDMOs, (ii) employee benefits expenses for our R&D personnel, (iii) depreciation and amortization, (iv) R&D material costs, and (v) share-based payments expenses. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Outsourced research and development costs	81,919	50,780	27,151	34,161
Employee benefits expenses	28,140	27,595	14,049	14,667
Depreciation and amortization	5,034	4,875	2,398	2,483
Material cost	2,341	3,677	818	491
Share-based payment expenses	6,215	1,260	976	2,917
Others[(1)]	4,612	6,212	2,458	2,206
Total	**128,261**	**94,399**	**47,850**	**56,925**

Note:

(1) Others primarily consisted of travelling and business expense and software expenses.

The following table sets forth a breakdown of our research and development expenses by product candidates for the years/periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	(RMB in thousands, except for percentages)				*(unaudited)*			
Core Products								
–VVN461(HD)	15,213	11.9%	16,281	17.2%	10,981	22.9%	16,488	29.0%
–VVN001	34,164	26.6%	32,158	34.1%	18,933	39.6%	16,005	28.1%
Subtotal	49,377	38.5%	48,439	51.3%	29,914	62.5%	32,493	57.1%
Other clinical-stage product candidates								
–VVN461(LD)	12,452	9.7%	732	0.8%	–	–	–	–
–VVN432	–	–	7,237	7.7%	–	–	6,443	11.3%
–VVN1901	30,940	24.1%	15,940	16.9%	5,656	11.8%	8,104	14.2%
Subtotal	43,492	33.8%	23,909	25.3%	5,656	11.8%	14,547	25.6%
Preclinical assets	35,492	27.7%	22,051	23.4%	12,280	25.7%	9,885	17.4%
Total	**128,261**	**100.0%**	**94,399**	**100.0%**	**47,850**	**100.0%**	**56,925**	**100.0%**

Over the development process of a product candidate, the amount of research and development expenses necessarily fluctuates, depending on the development stage. Research and development expenses typically rise during active phases of preclinical and clinical trials and decrease once trials are completed. Our research and development expenses decreased during the Track Record Period primarily because we completed the Phase II clinical trial of VVN461 in the United States and the Phase I clinical trial of VVN1901 in late 2024 and the Phase II clinical trial of VVN461 in China in early 2025 while we only began the Phase III clinical trial of VVN461(HD) and the Phase II clinical trial of VVN1901 in the second half of 2025.

Our research and development expenses attributable to our Core Products were RMB49.4 million, RMB48.4 million, RMB29.9 million and RMB32.5 million in 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, accounting for 38.5%, 51.3%, 62.5% and 57.1% of our research and development expenses in the same periods, respectively.

Other Expenses

Our other expenses primarily consist of costs in relation to technical service for one of our associates or loss on disposal of items of property, plant and equipment. In 2024 and 2025 and the six months ended June 30, 2025 and 2026, we incurred RMB337,000, RMB305,000, RMB69,000 and RMB540,000, respectively.

Finance Costs

Our finance costs primarily consist of (i) interest on redemption liabilities on owners' capital/equity shares in relation to the special rights granted to our Pre-[**REDACTED**] Investors for their Pre-[**REDACTED**] Investments, (ii) interest on lease liabilities, (iii) interest on interest-bearing bank borrowings, and (iv) Interest on borrowing from a related party. The following table sets forth a breakdown of finance costs for the years/periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Interest on redemption liabilities on owners' capital/equity shares	66,030	80,966	37,107	48,239
Interest on lease liabilities	120	119	65	41
Interest on interest-bearing bank borrowings	25	137	64	109
Interest on borrowing from a related party	–	222	222	–
Total	**66,175**	**81,444**	**37,458**	**48,389**

Share of Profits and Losses of an Associate

Our share of profits and losses of an associate comprises investment income in one of our associates, Jiangxi Shining Weimou Pharmaceutical Co., Ltd. ("Shining Weimou"), which primarily engaged in the research and development of ophthalmic drugs and was at an early R&D stage during the periods under review. In 2024, 2025 and the six months ended June 30, 2025 and 2026, we recognized share of losses of an associate of RMB151,000, RMB301,000, RMB147,000 and RMB306,000, respectively, primarily attributable to the fact that Shining Weimou had not yet achieved profitability.

Income Tax

We did not record any income tax expense during the Track Record Period.

In accordance with the PRC Corporate Income Tax Law, the statutory tax rate of our Company and our PRC subsidiary during the Track Record Period shall be 25%. According to applicable PRC laws and regulations, the enterprise income tax payable of our PRC subsidiary whose annual taxable income is less than RMB1.0 million is calculated as the product of 25% of its actual taxable amount and a reduced tax rate of 20%. Our subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period. Our subsidiary incorporated in the State of Delaware is subject to federal tax at a rate of 21% and State of Delaware profits tax at a rate of 8.7%.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

We did not have any revenue or cost of revenue in the six months ended June 30, 2025 or 2026.

Other income and gains

Our other income and gains decreased by 6.8% from RMB1.8 million in the six months ended June 30, 2025 to RMB1.7 million in the six months ended June 30, 2026, primarily attributable to a decrease of RMB1.2 million in government grants partially offset by an increase of RMB0.8 million in income from technical service.

Administrative expenses

Our administrative expenses increased significantly from RMB6.6 million in the six months ended June 30, 2025 to RMB21.7 million in the six months ended June 30, 2026, primarily attributable to an increase in [**REDACTED**] of RMB11.1 million in connection with our proposed listing.

Research and development expenses

Our research and development expenses increased by 19.0% from RMB47.9 million in the six months ended June 30, 2025 to RMB56.9 million in the six months ended June 30, 2026, primarily attributable to an increase in outsourced research and development costs of RMB7.0 million as we commenced the Phase III clinical trial of VVN461 (HD) and the Phase I clinical trial of VVN432 towards the end of 2025, and the Phase II clinical trial of VVN1901 in the second half of 2025.

Other expenses

Our other expenses increased significantly from RMB0.1 million in the six months ended June 30, 2025 to RMB0.5 million in the six months ended June 30, 2026, primarily attributable to an increase in costs in relation to technical service for one of our associates which was in line with the increase in the technical service income during the same period.

Finance costs

Our finance costs increased by 29.2% from RMB37.5 million in the six months ended June 30, 2025 to RMB48.4 million in the six months ended June 30, 2026, primarily attributable to an increase of RMB11.1 million in interest on redemption liabilities on owners' capital/equity shares in relation to our Pre-[**REDACTED**] investments, partially offset by a decrease of RMB0.2 million in interest on borrowings from a related party.

Share of profits and losses of an associate

Our share of losses of an associate increased by 108.2% from RMB0.1 million in the six months ended June 30, 2025 to RMB0.3 million in the six months ended June 30, 2026, primarily due to the loss incurred by our associate mainly as the associate was still at an early R&D stage.

Loss for the year

As a result of the foregoing, we recorded loss for the period of RMB90.3 million and RMB126.1 million in the six months ended June 30, 2025 and 2026, respectively.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

We did not have any revenue or cost of revenue in 2024 or 2025.

Other income and gains

Our other income and gains decreased by 17.8% from RMB8.6 million in 2024 to RMB7.0 million in 2025, primarily due to (i) a significant decrease in bank interest income, mainly attributable to lower average cash holdings and reduced interest rates on demand deposits following the redemption of time deposits in 2024, and (ii) a decrease in net foreign exchange gains, primarily driven by narrowed exchange rate fluctuations and reduced foreign currency cash holdings as we utilized a substantial portion of our cash to purchase wealth management products and structured deposits, partially offset by gains on financial assets at FVTPL and interest income from debt investments at FVTOCI recognized in 2025.

Administrative expenses

Our administrative expenses increased by 34.2% from RMB15.2 million in 2024 to RMB20.4 million in 2025, primarily due to [**REDACTED**] of RMB6.3 million incurred in 2025 in connection with the [**REDACTED**], partially offset by (i) a decrease in depreciation and amortization mainly as the amortization of certain leasehold improvements was fully completed by the end of 2024, and (ii) a decrease in our share-based payments, mainly as the lockup period for the majority of participants of our share-based payment plan ended before December 31, 2025.

Research and development expenses

Our research and development expenses decreased by 26.4% from RMB128.3 million in 2024 to RMB94.4 million in 2025, primarily due to a decrease of RMB31.1 million in technical service fee costs mainly as we completed a Phase II clinical trial of VVN461 in the United States in October 2024 and completed a Phase I clinical trial of VVN1901 in September 2024.

Other expenses

Our other expenses decreased by 9.5% from RMB337,000 in 2024 to RMB305,000 in 2025, primarily due to a decrease in costs in relation to R&D technical services for one of our associates, Shining Weimou.

Finance costs

Our finance costs increased by 23.1% from RMB66.2 million in 2024 to RMB81.4 million in 2025, primarily due to an increase of RMB14.9 million in interest on redemption liabilities on owners' capital/equity shares in relation to our Pre-[**REDACTED**] investments.

Share of profits and losses of an associate

Our share of losses of an associate increased by 99.3% from RMB0.2 million in 2024 to RMB0.3 million in 2025, primarily due to the loss incurred by our associate mainly as the associate was still at an early R&D stage.

Loss for the year

As a result of the foregoing, we recorded loss for the year of RMB201.5 million and RMB189.8 million in 2024 and 2025, respectively.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS ITEMS

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

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
NON-CURRENT ASSETS			
Property, plant and equipment	9,523	7,769	6,209
Right-of-use assets	4,003	2,348	3,519
Intangible assets	24	–	217
Investments in associates	1,099	798	492
Prepayments, other receivables and other assets	11,213	14,460	17,858
Total non-current assets	**25,862**	**25,375**	**28,295**
CURRENT ASSETS			
Prepayments, other receivables and other assets	15,185	13,051	13,481
Amounts due from related parties	4,946	4,601	800
Debt investments at fair value through other comprehensive income ("FVTOCI")	–	30,067	30,331
Financial assets at fair value through profit or loss ("FVTPL")	–	50,055	–
Restricted bank balances	–	7,000	–
Cash and cash equivalents	50,783	43,577	53,051
Total current assets	**70,914**	**148,351**	**97,663**
CURRENT LIABILITIES			
Trade and other payables	36,215	46,952	46,743
Interest-bearing bank borrowings	5,005	5,003	30,018
Lease liabilities	2,018	1,894	1,896
Total current liabilities	**43,238**	**53,849**	**78,657**
NET CURRENT ASSETS	**27,676**	**94,502**	**19,006**
TOTAL ASSETS LESS CURRENT LIABILITIES	**53,538**	**119,877**	**47,301**
NON-CURRENT LIABILITIES			
Lease liabilities	2,215	614	1,691
Deferred income	–	477	393
Redemption liabilities on owners' capital/equity shares	582,689	838,999	887,238
Total non-current liabilities	**584,904**	**840,090**	**889,322**
Net liabilities	**(531,366)**	**(720,213)**	**(842,021)**

Prepayments, Other Receivables and Other Assets

Our prepayments and other receivables during the Track Record Period comprised of (i) rental and other deposits, relating to our leased properties, (ii) advances of loans to an employee, (iii) value added tax recoverable, (iv) prepayments for purchase of items of property, plant and equipment, (v) prepayments for research and development services, (vi) deferred [**REDACTED**], (vii) other receivables, and (viii) other prepayments, primarily include prepaid property management fees and parking fees. The following table sets forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Non-current portion			
Rental and other deposits	276	90	335
Value-added tax recoverable	10,759	14,370	17,491
Prepayments for purchase of items of property, plant and equipment	178	–	32
Subtotal	**11,213**	**14,460**	**17,858**
Current portion			
Prepayments for research and development services	10,704	5,860	7,154
Deferred [**REDACTED**]	–	2,115	5,468
Other receivables	771	615	475
Other prepayments	50	838	384
Advances of loans to an employee	3,660	3,623	–
Subtotal	**15,185**	**13,051**	**13,481**
Total	**26,398**	**27,511**	**31,339**

Our prepayments, other receivables and other assets increased by 4.2% from RMB26.4 million as of December 31, 2024 to RMB27.5 million as of December 31, 2025, primarily due to (i) an increase in value-added tax recoverable, primarily driven by the commencement of new clinical trials generating additional service contracts, and (ii) deferred [**REDACTED**] of RMB2.1 million in connection with the [**REDACTED**], partially offset by a decrease in prepayments for research and development services mainly as a result of the advancement of our pipeline and the recognition of prepayments as research and development expenses. Our prepayments, other receivables and other assets further increased to RMB31.3 million as of June 30, 2026 primarily attributable to (i) an increase of RMB3.4 million in deferred [**REDACTED**] in connection with the [**REDACTED**] and (ii) an increase of RMB3.1 million in value-added tax recoverable driven by the commencement of new clinical trials generating additional service contracts, partially offset by a decrease of RMB3.6 million in advances of loans to an employee after we settled such loan.

During the Track Record Period, we recorded advances of loans to an employee. We entered into a written loan agreement with this employee. All of the amount due from the employee were unsecured loans in U.S. dollars, bearing interest rate of 1.26% per annum with no fixed repayment term and non-trade in nature. The interest rate was determined by reference to the U.S. federal funds rate prevailing at the time the loan was made. These balances were settled in May 2026. As confirmed by our PRC Legal Advisers, our loan agreement with such employee is binding and valid and the provisions therein do not violate the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》).

As of July 31, 2026, RMB0.4 million, or 1.4%, of our prepayments, other receivables and other assets as of June 30, 2026 had been subsequently settled.

Trade and Other Payables

Our trade and other payables consisted of (i) trade payables for raw material and R&D service fee, (ii) accrued research and development expenses, (iii) accrued [**REDACTED**], (iv) payables for property, plant and equipment, (v) payroll payables, (vi) other tax payables, (vii) borrowing from a third party, and (viii) others. The following table sets forth the breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Trade payables	221	26	96
Accrued research and development expenses	26,689	25,047	26,541
Accrued [**REDACTED**]	–	5,781	3,726
Payables for property, plant and equipment	43	43	–
Payroll payables	4,192	4,424	3,487
Other taxes payables	259	205	181
Borrowing from a third party	–	7,000	7,000
Other payables	4,811	4,426	5,712
Total	**36,215**	**46,952**	**46,743**

Our trade and other payables increased by 29.6% from RMB36.2 million as of December 31, 2024 to RMB47.0 million as of December 31, 2025, primarily due to (i) accrued [**REDACTED**] of RMB5.8 million in connection with the [**REDACTED**], (ii) a borrowing from a third party of RMB7.0 million, partially offset by a decrease of RMB1.6 million in accrued research and development expenses primarily due to the payment schedule for our clinical and preclinical service expenses. Our trade and other payables decreased by 0.4% from RMB47.0 million as of December 31, 2025 to RMB46.7 million as of June 30, 2026, primarily due to (i) a decrease of RMB2.1 million in accrued [**REDACTED**] in connection with the [**REDACTED**] and (ii) a decrease of RMB0.9 million in payroll payables, partially offset by an increase of RMB1.5 million in accrued research and development expenses.

During the Track Record Period, our suppliers typically granted us a credit period of three to six months. As of December 31, 2024 and 2025 and June 30, 2026, all of our trade payables were aged within three months.

As of July 31, 2026, RMB4.1 million, or 8.7%, of our trade and other payables as of June 30, 2026 had been subsequently settled.

Amounts Due from Related Parties

Our amounts due from related parties represented (i) loans to a director, and (ii) receivables for services provided to our associate. The following table sets forth the breakdown of our amounts due from related parties as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Amounts due from:			
A director	4,446	4,601	–
An associate	500	–	800
Total	**4,946**	**4,601**	**800**

We had amounts due from a director of RMB4.4 million, RMB4.6 million and nil as of December 31, 2024 and 2025 and June 30, 2026, respectively. We entered into a written loan agreement with the Director. All of the amounts due from a director were unsecured loans in RMB, bearing interest rate of 3.65% per annum with no fixed repayment term and non-trade in nature. The interest rate was determined by reference to the LPR published by the PBOC at the time the loan was made. These balances were settled in April 2026. As confirmed by the PRC Legal Advisers, each loan agreement and the interest rate arrangement thereunder are binding and valid and do not violate the Civil Code (《民法典》) or the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》).

We had amounts due from an associate of RMB500,000, nil and RMB800,000 as of December 31, 2024, 2025 and June 30, 2026. The amounts due from an associate were service fees that were trade in nature.

Financial Assets at FVTPL

Our financial assets at FVTPL represented contracts of wealth management products with banks. The returns of the wealth management products are determined by reference to the performance of the underlying instruments in the market, therefore they are recognized as financial assets at FVTPL. Our financial assets at FVTPL were nil, RMB50.1 million and nil as of December 31, 2024 and 2025 and June 30, 2026, respectively, primarily as we purchased and redeemed wealth management products during the relevant periods.

We purchase wealth management products as a supplemental means to improve utilization of our cash on hand on a short-term basis. We believe that investment in low-risk financial products helps us make better use of our cash, expand our source of income while ensuring sufficient cash flow for business operation or capital expenditures. The purchases of wealth management products are carefully reviewed and assessed by our finance department and are subject to the approval of our senior management team. Additionally, we have established a set of risk management and capital preservation investment policy, and have implemented a series of internal control measures regarding our investment in wealth management products. These policies and measures include:

- we make investment decisions after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our working capital conditions and the expected returns;

- we only purchase low-risk wealth management products issued by qualified financial institutions; and

- after making an investment, we closely monitor its performance and fair value on a regular basis.

Our investment in financial assets will be subject to compliance with Chapter 14 of the Listing Rules after Listing.

Redemption Liabilities on Owners' Capital/Equity Shares

Our redemption liabilities on owners' capital/equity shares represent redeemable interests held by our Pre-[**REDACTED**] investors. Our redemption liabilities on owners' capital/equity shares increased from RMB582.7 million as of December 31, 2024 to RMB839.0 million as of December 31, 2025, primarily due to (i) recognition of redemption liabilities on owners' capital/equity shares of RMB175.3 million in relation to our Series D2+ Financing, and (ii) accretion of interest of RMB81.0 million. Our redemption liabilities on owners' capital/equity shares further increased to RMB887.2 million as of June 30, 2026 due to accretion of interest of RMB48.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our uses of cash primarily relate to the research and development of our product candidates and the purchase of equipment and machinery. During the Track Record Period, we primarily funded our working capital requirement through equity financing, bank borrowings and cash generated from our operations. Going forward, we believe our liquidity requirements will be satisfied by funds from a combination of cash from operations, cash and cash equivalents, borrowings and [**REDACTED**] from the [**REDACTED**]. As of July 31, 2026, our cash and cash equivalents amounted to RMB55.1 million and committed unutilized bank facilities of RMB10.0 million.

Net Current Assets

	As of December 31, 2024	As of December 31, 2025	As of June 30, 2026	As of July 31, 2026
	(RMB in thousands)			*(unaudited)*
Current assets				
Prepayments, other receivables and other assets	15,185	13,051	13,481	13,159
Financial assets at FVTPL	–	50,055	–	1,501
Debt investments at fair value through other comprehensive income ("FVOCI")	–	30,067	30,331	30,375
Amounts due from related parties	4,946	4,601	800	800
Restricted bank balances	–	7,000	–	–
Cash and cash equivalents	50,783	43,577	53,051	55,146
Total current assets	**70,914**	**148,351**	**97,663**	**100,981**
Current liabilities				
Trade and other payables	36,215	46,952	46,743	44,035
Interest-bearing bank borrowings	5,005	5,003	30,018	40,049
Lease liabilities	2,018	1,894	1,896	1,532
Total current liabilities	**43,238**	**53,849**	**78,657**	**85,616**
Net current assets	**27,676**	**94,502**	**19,006**	**15,365**

Our net current assets decreased from RMB19.0 million as of June 30, 2026 to RMB15.4 million as of July 31, 2026, primarily attributable to an increase of RMB10.0 million in interest-bearing bank borrowings, partially offset by (i) an increase of RMB1.5 million in financial assets at FVTPL as we purchased additional wealth management products and (ii) a decrease of RMB1.5 million in trade and other payables, primarily due to the settlement of payables relating to our research and development activities.

Our net current assets decreased from RMB94.5 million as of December 31, 2025 to RMB19.0 million as of June 30, 2026, primarily attributable to a decrease of RMB50.1 million in financial assets at FVTPL as we redeemed the relevant wealth management products, partially offset by an increase of RMB25.0 million in interest-bearing bank borrowings.

Our net current assets increased from RMB27.7 million as of December 31, 2024 to RMB94.5 million as of December 31, 2025, primarily due to (i) an increase of RMB50.1 million in financial assets at FVTPL mainly as we purchased new wealth management products in 2025 with cash received from our Series D2+ financing, (ii) an increase of RMB30.1 million in debt investments at FVTOCI, partially offset by an increase of RMB10.7 million in trade and other payables primarily due to accrued [**REDACTED**] and a borrowing from a third party.

Cash Operating Costs

The following table provides information regarding our cash operating costs, in accrual basis, for the years/periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
			(unaudited)	
R&D expenses				
R&D costs for Core Products				
Staff compensation	9,051	8,624	5,589	6,331
Technical service fee	33,269	28,531	7,634	23,046
Registration fee	556	654	82	300
Consulting fees	557	783	731	768
Raw material expenses	92	282	252	28
Others	771	835	342	401
Subtotal	**44,296**	**39,709**	**14,630**	**30,874**
R&D costs for our other product candidates				
Staff compensation	19,659	18,804	9,620	9,091
Technical service fee	39,439	17,488	5,374	13,227
Registration fee	639	1,061	676	156
Consulting fees	415	1,056	39	6
Raw material expenses	2,249	3,395	566	463
Others	1,674	1,823	588	575
Subtotal	**64,075**	**43,629**	**16,863**	**23,518**
Total R&D expenses	**108,371**	**83,336**	**31,493**	**54,392**
Workforce employment costs[(1)]	6,748	6,614	3,357	3,711
Others[(2)]	5,593	7,037	2,337	16,555
Total cash operating costs	**120,712**	**96,987**	**37,187**	**74,658**

Notes:

(1) Workforce employment costs represented non-R&D Labor costs, mainly including salaries and social insurances.

(2) Mainly consisted of traveling expense and other miscellaneous costs.

Cash Flows

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

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Net cash flows used in operating activities	(121,049)	(96,343)	(37,331)	(74,941)
Net cash from/(used in) investing activities	64,189	(79,880)	666	58,127
Net cash flows from financing activities	12,392	169,211	73,544	26,609
Net (decrease)/increase in cash and cash equivalents	(44,468)	(7,012)	36,879	9,795
Cash and cash equivalents at beginning of year	94,798	50,783	50,783	43,577
Effect of foreign exchange rates, net	453	(194)	(84)	(321)
Cash and cash equivalents at end of year	**50,783**	**43,577**	**87,578**	**53,051**

Net Cash Used in Operating Activities

For the six months ended June 30, 2026, our net cash used in operating activities was RMB74.9 million, which was primarily attributable to our loss before taxation of RMB126.1 million, as positively adjusted by finance costs of RMB48.4 million.

For the year ended December 31, 2025, our net cash used in operating activities was RMB96.3 million, which was primarily attributable to our loss before taxation of RMB189.8 million, as positively adjusted by (i) finance cost of RMB81.4 million, (ii) share-based payment compensation of RMB3.7 million, (iii) depreciation of property, plant and equipment of RMB3.1 million, and (iv) depreciation of right-of-use assets of RMB2.4 million, and negatively adjusted by increase in trade and other payables of RMB2.3 million.

For the year ended December 31, 2024, our net cash used in operating activities was RMB121.0 million, which was primarily attributable to our loss before taxation of RMB201.5 million, as positively adjusted by (i) finance cost of RMB66.2 million, (ii) increase in trade and other payables of RMB8.5 million, (iii) share-based payment compensation of RMB8.9 million, (iv) depreciation of property, plant and equipment of RMB3.8 million, and (v) depreciation of right-of-use assets of RMB2.4 million and negatively adjusted by increase in prepayments, other receivables and other assets of RMB6.6 million.

As a clinical-stage biotech company, we plan to improve our net cash outflow position from our operations by generating more net cash from our operating activities, commercialization of our products and improving our cost control and operating efficiencies. Specifically, (i) we plan to actively seek additional funding such as equity financing and bank borrowings, and (ii) we plan to review our operating expenses regularly and streamline our business processes to improve overall operational efficiency.

Net Cash from/(Used in) Investing Activities

For the six months ended June 30, 2026, net cash generated from investing activities was RMB58.1 million, primarily due to withdrawal of financial assets at FVTPL of RMB110.2 million, partially offset by placement of financial assets at FVTPL of RMB60.0 million.

For the year ended December 31, 2025, net cash used in investing activities was RMB79.9 million, primarily due to placement of financial assets at FVTPL of RMB200.0 million and placement of debt investments at FVTOCI of RMB30.0 million, partially offset by withdrawal of financial assets at FVTPL of RMB150.5 million.

For the year ended December 31, 2024, net cash generated from investing activities was RMB64.2 million, primarily due to withdrawal of financial assets at FVTPL of RMB120.6 million, partially offset by placement of financial assets at FVTPL of RMB70.0 million.

Net Cash Generated from Financing Activities

For the six months ended June 30, 2026, net cash generated from financing activities was RMB26.6 million, primarily due to new bank borrowings of RMB50.0 million, partially offset by repayment of bank borrowings of RMB25.0 million.

For the year ended December 31, 2025, net cash generated from financing activities was RMB169.2 million, primarily due to capital injection from shareholders of RMB176.9 million.

For the year ended December 31, 2024, net cash generated from financing activities was RMB12.4 million, primarily due to capital injection from shareholders of RMB10.0 million.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including cash from operations, cash and cash equivalents, borrowings and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the opinion that we have sufficient working capital to cover at least 125% of our costs, including administrative costs and research and development expenses for at least the next 12 months from the date of this document.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses and administrative expenses; and (ii) capital expenditures. Taking into account our cash and cash equivalents, restricted bank balances and debt instrument at FVTOCI as of July 31, 2026, and assuming average monthly net cash used in operating activities going forward of [1.1] times the level in the six months ended June 30, 2026, and the estimated capital expenditures with reference to the capital commitments as of June 30, 2026, we estimate that we will be able to maintain our financial viability for [**REDACTED**], or, if we also take into account the [**REDACTED**] from the [**REDACTED**] provided that the [**REDACTED**] is set at [**REDACTED**] per Share, being the low end of the indicative [**REDACTED**], [**REDACTED**]. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,		As of June 30, 2026	As of July 31, 2026
	2024	2025		
	(RMB in thousands)			*(unaudited)*
Current				
Interest-bearing bank and other borrowing	5,005	5,003	30,018	40,049
Lease liabilities	2,018	1,894	1,896	1,532
Amount due to a third party	–	7,000	7,000	7,000
Non-current				
Lease liabilities	2,215	614	1,691	1,594
Redemption liabilities on owner's capital	582,689	838,999	887,238	895,749
Total	**591,927**	**853,510**	**927,843**	**945,924**

As of July 31, 2026, other than as disclosed above, we did not have any other borrowings, charges, mortgages, debentures or debt securities issued or outstanding, or authorized or otherwise created but unissued, or other similar indebtedness, hire purchase and finance lease commitments, liabilities under acceptance, acceptance credits, any guarantees or other material contingent liabilities.

Since July 31, 2026 and up to the date of this document, other than as disclosed above, the Directors confirm that there has not been any material change in our indebtedness and contingent liabilities.

Interest-Bearing Bank Borrowings

The following table sets forth our interest-bearing bank borrowings as of the dates indicated. As of December 31, 2024, December 31, 2025, June 30 and July 31, 2026, all of such borrowings were due within one year, with an effective interest rate from 2.3% to 3.0% per annum.

	As of December 31,		As of June 30, 2026	As of July 31, 2026
	2024	2025		
	(RMB in thousands)			*(unaudited)*
Borrowings from banks - unsecured and unguaranteed	5,005	5,003	20,015	30,023
Borrowings from banks - secured	–	–	10,003	10,026
Total	**5,005**	**5,003**	**30,018**	**40,049**

During the Track Record Period, we secured short-term bank borrowings from certain commercial banks in the PRC to cover research and development costs.

Our bank borrowings contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payments of bank loans and other borrowings, or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease for daily business operations and R&D functions. As of December 31, 2024 and 2025, June 30 and July 31, 2026, our lease liabilities amounted to RMB4.2 million, RMB2.5 million, RMB3.6 million and RMB3.1 million, respectively.

Our lease liabilities decreased from RMB4.2 million as of December 31, 2024 to RMB2.5 million as of December 31, 2025, primarily due to the settlement of lease payments during 2025. Our lease liabilities increased to RMB3.6 million as of June 30, 2026, as we entered into new leases and renewed certain existing leases during the six months ended June 30, 2026. Our lease liabilities decreased to RMB3.1 million as of July 31, 2026, primarily due to lease payments made during the period.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of related party transactions. In 2024, we obtained an exclusive global license from E-nitiate to develop, manufacture and commercialize certain compound (other than with respect to oral dosage formulation) in the rhinology field. See "Business—Our Collaboration and License Agreements—Arrangements with E-nitiate." During the Track Record Period, we provided services to Shining Weimou. In addition, we extended loans to one of our Directors in 2024 and borrowed from VVBI in 2025, both of which have been settled. See note 30 to the Accountant's Report in Appendix I to this document.

Our Directors believe that such related party transactions were conducted on an arm's-length basis, and they would not distort our results of operations or cause our historical results to become not reflective of our future performance.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period included purchase of property, plant and equipment. Our capital expenditures amounted to RMB3.0 million and RMB1.3 million, RMB0.2 million and RMB0.2 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

CAPITAL COMMITMENTS

As of December 31, 2024 and 2025 and June 30, 2026, we had capital commitments contracted but not yet provided for of RMB268,000, RMB169,000 and RMB76,000, respectively, primarily in relation to the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As of December 31, 2024 and 2025 and June 30, 2026, we did not have any contingent liabilities. As of the Latest Practicable Date there had been no material changes to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated.

	As of December 31,		As of
	2024	2025	June 30, 2026
Current ratio[(1)]	1.64	2.75	1.24

Note:

(1) Current ratio equals current assets divided by current liabilities as of the same date.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to market, interest rate, credit and liquidity risks arises in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. See note 33 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. See note 33 to the Accountants' Report in Appendix I to this document for credit quality and the maximum exposure to credit risk.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from financing activities by subsidiaries in currencies other than the subsidiaries' functional currencies. See note 33 to the Accountants' Report in Appendix I to this document for a sensitivity analysis of our foreign currency risk.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. See note 33 to the Accountants' Report in Appendix I to this document for a maturity profile of our financial liabilities.

Capital Management

The primary objectives of our capital management are to safeguard our abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDEND POLICY

No dividend has been proposed, paid or declared by our Company since its incorporation. We do not have any plan to declare or pay any dividends in the foreseeable future. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves available for distribution to our shareholders.

[**REDACTED**]

Assuming the [**REDACTED**] is not exercised and an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**]), we expect to incur approximately [**REDACTED**] of [**REDACTED**] (including the aggregate [**REDACTED**] and fees, professional fees and other expenses relating to the [**REDACTED**]), including (i) [**REDACTED**] expenses (including [**REDACTED**] and other expenses of approximately [**REDACTED**]) and (ii) non [**REDACTED**] of approximately [**REDACTED**], comprising (a) fees and expenses of legal advisers and accountants of approximately [**REDACTED**] and (b) other fees and expenses of approximately [**REDACTED**], accounting for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. Approximately [**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and approximately [**REDACTED**] is expected to be deducted from equity upon Listing. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE LIABILITIES

The following unaudited *pro forma* statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to owners of the parent as at June 30, 2026 as if the [**REDACTED**] had taken place on that date.

The unaudited *pro forma* statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the parent had the [**REDACTED**] been completed as at June 30, 2026 or at any future date.

The unaudited *pro forma* statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the parent had the [**REDACTED**] been completed as at June 30, 2026 or at any future date.

	Consolidated net tangible liabilities of the Group attributable to owners of the parent as at June 30, 2026	**Estimated [REDACTED] from the [REDACTED]**	**Estimated impact related to the termination of redemption right on ordinary shares upon Listing**	**Unaudited *pro forma* adjusted consolidated net tangible assets attributable to owners of the parent as at June 30, 2026**	**Unaudited *pro forma* adjusted consolidated net tangible assets attributable to owners of the parent per share as at June 30, 2026**	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000* *(Note 3)*	*RMB'000*	*RMB* *(Note 4)*	*HK$* *(Note 5)*
Based on an [REDACTED] of [REDACTED] per H Share	(842,021)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of [REDACTED] per H Share	(842,021)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible liabilities of the Group attributable to owners of the parent as at June 30, 2026 is equal to the net liabilities attributable to owners of the parent as of June 30, 2026 of RMB(842,021,000) set out in the Accountants' Report in Appendix I to this document.

(2) The estimated [**REDACTED**] from the [**REDACTED**] are based on an [**REDACTED**] of [**REDACTED**] and [**REDACTED**] per H Share, being the low end and high end of the [**REDACTED**], respectively, after deduction of the [**REDACTED**] and other related expenses payable by the Company and excluding the [**REDACTED**] that have been charged to profit or loss during the Track Record Period, and does not take into account any Shares which may be issued upon the exercise of the [**REDACTED**]. The estimated [**REDACTED**] from the [**REDACTED**] are converted into RMB at an exchange rate of RMB1.00 to HK$[1.15639].

(3) For the purpose of the unaudited *pro forma* information, considering the estimated impact related to the termination of redemption rights on the ordinary shares upon Listing, the redemption liabilities on owners' capital/equity shares amounting to RMB[**REDACTED**]] will be derecognised and accordingly increase the unaudited *pro forma* adjusted consolidated net tangible assets of the Group as at June 30, 2026 by RMB[**REDACTED**].

(4) The unaudited *pro forma* adjusted consolidated net tangible assets per Share is arrived at after adjustments referred in note 3 above and on the basis of [**REDACTED**] Shares are in issue, assuming that the [**REDACTED**] has been completed on June 30, 2026 but does not take into account any Shares which may be sold pursuant to the exercise of the [**REDACTED**].

(5) For the purpose of this unaudited *pro forma* statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at an exchange rate of RMB1.00 to HK$[1.15639].

(6) No adjustment has been made to the unaudited *pro forma* adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2026.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this document, there have been no material adverse changes in our financial, operational, or trading position or prospects since June 30, 2026, being the date of the latest reporting period reported on in the Accountants' Report in Appendix I to this document.

FUTURE PLANS

For details of our future plans, see "Business—Our Strategies."

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] of approximately [**REDACTED**] (assuming the [**REDACTED**] is not exercised) after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**] assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per [**REDACTED**] set out in this document. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes.

(i) approximately [70.0]%, or [**REDACTED**], will be allocated for the development and registration of our Core Products, VVN461(HD) and VVN001, of which:

  (a) approximately [60.0]%, or [**REDACTED**], will be allocated for the development of our VVN461(HD), of which:

    (1) approximately [25.0]%, or [**REDACTED**], will be allocated to the clinical development and commercialization of VVN461(HD) for the treatment of NIAU in the United States. We plan to commence a Phase III clinical trial in the United States in the first half of 2027 to evaluate the efficacy and safety of VVN461(HD) in patients with NIAU. We plan to enroll approximately 152 patients for such trial. Approximately [16.0]%, or [**REDACTED**], will be allocated for the Phase III clinical trial, primarily including clinical trial fees (such as site costs and participant-related expenses), CRO and SMO fees, laboratory testing and related services, purchase of control drugs, data management and insurance. Approximately [9.0]%, or [**REDACTED**], will be allocated for related CMC activities and the preparation of requisite registration filings, primarily including manufacturing of drug samples used in the clinical trial, CMC scale-up and validation activities to support commercial manufacturing readiness and preparation and submission of registration documents;

    (2) approximately [12.5]%, or [**REDACTED**], will be allocated to the clinical development and registration of VVN461(HD) for the treatment of NIAU in China. We commenced a Phase III clinical trial in China in November 2025 to evaluate the efficacy and safety of VVN461(HD) in patients with NIAU, for which we plan to enroll approximately 152 participants. We expect to complete such trial in the first half of 2027. Based on our current progress, approximately [5.0]%, or [**REDACTED**] would be allocated to this clinical trial. Approximately [3.5]%, or [**REDACTED**], will be allocated for related CMC activities and the preparation of requisite registration filings. Approximately [4.0]%, or [**REDACTED**], would be reserved for any required or self-initiated post-approval studies on treatment for special populations, route of administration and/or formulation improvement;

    (3) approximately [10.0]%, or [**REDACTED**], will be allocated to the clinical development of VVN461(HD) for the treatment of SS-DED in China. We plan to commence a Phase II clinical trial in China in the fourth quarter of 2026 to evaluate the efficacy and safety of VVN461 in subjects with SS-DED. Approximately [2.0]%, or [**REDACTED**], will be allocated for this program. Approximately [8.0]%, or [**REDACTED**], will be used to fund the

subsequent Phase III clinical trial and related CMC and registration activities. Subject to Phase II progress and regulatory feedback, we plan to initiate the Phase III clinical trial in 2028; and

(4) approximately [12.5]%, or [**REDACTED**], will be allocated to the development of VVN461(HD) for other indications, including scleritis and oGVHD. We plan to collaborate with academic research institutions to commence investigator-initiated trials (IIT) for the treatment of scleritis and oGVHD in the fourth quarter of 2026. After completion of such IIT, we plan to submit IND amendments to the FDA for directly initiating registration-enabling pivotal clinical trials in the United States for these indications by leveraging the IIT results. Approximately [7.0]%, or [**REDACTED**], will be used to fund the IIT and the subsequent clinical trial for the treatment of scleritis and approximately [5.5]%, or [**REDACTED**], will be used to fund the IIT and the subsequent clinical trial for the treatment of oGVHD;

(b) approximately [10.0]%, or [**REDACTED**], will be allocated for the clinical development and registration of our VVN001. We commenced a Phase III clinical trial in China in June 2024 to evaluate the efficacy and safety of VVN001 in patients with moderate-to-severe DED, for which we plan to enroll approximately 700 participants. We expect to complete such trial in the first half of 2027. Based on our current progress, approximately [5.0]%, or [**REDACTED**] would be allocated to this clinical trial. Approximately [5.0]%, or [**REDACTED**], will be allocated for related CMC activities and the preparation of requisite registration filings;

(ii) approximately [15.0]%, or [**REDACTED**], will be allocated for the development of other product candidates, of which:

(a) approximately [5.0]%, or [**REDACTED**], will be allocated for the development of our VVN432. We commenced a Phase I clinical trial in China in December 2025 to evaluate the safety, tolerability and PK profile of VVN432 in healthy adults, for which we plan to enroll approximately 60 participants. We expect to complete such trial in the fourth quarter of 2026 and subsequently proceed with a Phase II clinical trial. Approximately [3.8]%, or [**REDACTED**] would be allocated to the Phase II clinical trial and related CMC and regulatory affairs. Approximately [1.2]%, or [**REDACTED**], will be allocated for our continuous nonclinical toxicity studies;

(b) approximately [5.0]%, or [**REDACTED**], will be allocated for the clinical development of our VVN1901, including the Phase II clinical trial and related CMC and regulatory affairs. We commenced a Phase II clinical trial in China in July 2025 to evaluate the efficacy and safety of VVN1901 in patients with moderate-to-severe NK, for which we plan to enroll approximately 157 patients. We expect to complete such trial in 2028; and

(c) approximately [5.0]%, or [**REDACTED**], will be allocated for the research and development of our remaining product candidates, including VVN461 (LD) and our preclinical candidates. Approximately [**REDACTED**] (less than 0.1% of the [**REDACTED**]) will be used for the regulatory affairs for the development of VVN461(LD). Approximately [4.9]%, or [**REDACTED**], will be allocated for the preclinical studies and IND applications of our preclinical candidates;

(iii) approximately [5.0]%, or [**REDACTED**], will be used for the establishment of an in-house commercialization team and marketing activities. We plan to establish a commercialization team of approximately ten members with strong medical and/or business development expertise by 2028. We expect our commercialization team

member to possess academic backgrounds in clinical medicine, pharmacy, biomedicine, optometry, health administration, pharmacoeconomics, marketing, new media or other related disciplines, with certain positions preferring or requiring a master's degree or above, and relevant industry experience ranging in areas such as innovative drug commercialization, ophthalmic prescription drug marketing, ophthalmology medical affairs, pharmaceutical market access, academic promotion and pharmaceutical marketing activity execution. We plan to focus our marketing activities on market research on the target indication of our drug candidates in the target jurisdiction as well as online and offline academic promotion events; and

(iv) approximately [10.0]%, or [**REDACTED**], will be allocated to working capital and other general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a *pro rata* basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**]. If the [**REDACTED**] is set at [**REDACTED**] per Share, being the high end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will increase by approximately [**REDACTED**]. If the [**REDACTED**] is set at [**REDACTED**] per Share, being the low end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will decrease by approximately [**REDACTED**].

The additional [**REDACTED**] that we would receive if the [**REDACTED**] was exercised in full would be [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per Share, being the midpoint of the indicative [**REDACTED**]). We intend to apply the additional [**REDACTED**] to the above uses on a pro rata basis.

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions. We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[REDACTED]

[**REDACTED**]

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF VIVAVISION BIOTECH (ZHEJIANG) CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of VivaVision Biotech (Zhejiang) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "document") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and 30 June 2026 and the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods and the six months ended 30 June 2025.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income and gains	5	8,572	7,047	1,806	1,684
Administrative expenses		(15,183)	(20,381)	(6,623)	(21,663)
Research and development expenses		(128,261)	(94,399)	(47,850)	(56,925)
Other expenses		(337)	(305)	(69)	(540)
Finance costs	6	(66,175)	(81,444)	(37,458)	(48,389)
Share of loss of an associate		(151)	(301)	(147)	(306)
LOSS BEFORE TAX	7	**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**
Income tax expense	10	–	–	–	–
LOSS FOR THE YEAR/PERIOD		**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**
Loss attributable to:					
Owners of the parent		(201,535)	(189,783)	(90,341)	(126,139)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent year/period:					
Exchange differences on translation of foreign operation		179	(294)	(54)	(365)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		179	(294)	(54)	(365)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(201,356)**	**(190,077)**	**(90,395)**	**(126,504)**
Total comprehensive loss attributable to:					
Owners of the parent		(201,356)	(190,077)	(90,395)	(126,504)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted loss per share (in RMB)	12	**(0.84)**	**(0.75)**	**(0.37)**	**(0.44)**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		As at 30 June
		2024	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	9,523	7,769	6,209
Right-of-use assets	*14*	4,003	2,348	3,519
Intangible assets		24	–	217
Investments in associates	*15*	1,099	798	492
Prepayments, other receivables and other assets	*16*	11,213	14,460	17,858
Total non-current assets		25,862	25,375	28,295
CURRENT ASSETS				
Prepayments, other receivables and other assets	*16*	15,185	13,051	13,481
Amounts due from related parties	*30*	4,946	4,601	800
Debt investments at fair value through other comprehensive income ("FVTOCI")	*17*	–	30,067	30,331
Financial assets at fair value through profit or loss ("FVTPL")	*18*	–	50,055	–
Restricted bank balances	*19*	–	7,000	–
Cash and cash equivalents	*19*	50,783	43,577	53,051
Total current assets		70,914	148,351	97,663
CURRENT LIABILITIES				
Trade and other payables	*20*	36,215	46,952	46,743
Interest-bearing bank borrowings	*21*	5,005	5,003	30,018
Lease liabilities	*14*	2,018	1,894	1,896
Total current liabilities		43,238	53,849	78,657
NET CURRENT ASSETS		27,676	94,502	19,006
TOTAL ASSETS LESS CURRENT LIABILITIES		53,538	119,877	47,301
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	2,215	614	1,691
Deferred income	*22*	–	477	393
Redemption liabilities on owners' capital/equity shares	*24*	582,689	838,999	887,238
Total non-current liabilities		584,904	840,090	889,322
Net liabilities		(531,366)	(720,213)	(842,021)
DEFICITS				
Deficits attributable to owners of the parent				
Paid-in capital/Share capital	*25*	24,131	28,824	28,824
Deficits	*26*	(555,497)	(749,037)	(870,845)
Total deficits		(531,366)	(720,213)	(842,021)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Other reserves*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000*
At 1 January 2024	23,973	531,157	47,024	(366,986)	(121)	(574,063)	(339,016)
Loss for the year	–	–	–	–	–	(201,535)	(201,535)
Other comprehensive income for the year:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	179	–	179
Total comprehensive loss for the year	–	–	–	–	179	(201,535)	(201,356)
Capital injection	158	9,842	–	–	–	–	10,000
Recognition of redemption liabilities on owners' capital	–	–	–	(9,869)	–	–	(9,869)
Share-based payment compensation	–	–	8,875	–	–	–	8,875
At 31 December 2024	24,131	540,999	55,899	(376,855)	58	(775,598)	(531,366)

Year ended 31 December 2025

	Attributable to owners of the parent						
	Paid-in capital	**Capital reserve***	**Share-based payment reserve***	**Other reserves***	**Foreign currency translation reserve***	**Accumulated losses***	**Net deficits**
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 27)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000*
At 1 January 2025	24,131	540,999	55,899	(376,855)	58	(775,598)	(531,366)
Loss for the year	–	–	–	–	–	(189,783)	(189,783)
Other comprehensive loss for the year:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	(294)	–	(294)
Total comprehensive loss for the year	–	–	–	–	(294)	(189,783)	(190,077)
Capital injection	4,693	172,237	–	–	–	–	176,930
Capital injection expenses paid	–	(4,031)	–	–	–	–	(4,031)
Recognition of redemption liabilities on owners' capital	–	–	–	(175,344)	–	–	(175,344)
Share-based payment compensation	–	–	3,675	–	–	–	3,675
At 31 December 2025	28,824	709,205	59,574	(552,199)	(236)	(965,381)	(720,213)

Six months ended 30 June 2026

	Attributable to owners of the parent						
	Paid-in capital/ Share capital	Capital reserve/ Share premium*	Share-based payment reserve*	Other reserves*	Foreign currency translation reserve*	Accumulated losses*	Net deficits
	RMB'000 (note 25)	*RMB'000* (note 26)	*RMB'000* (note 27)	*RMB'000* (note 26)	*RMB'000* (note 26)	*RMB'000* (note 26)	*RMB'000*
At 1 January 2026	28,824	709,205	59,574	(552,199)	(236)	(965,381)	(720,213)
Loss for the period	–	–	–	–	–	(126,139)	(126,139)
Other comprehensive loss for the period:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	(365)	–	(365)
Total comprehensive loss for the period	–	–	–	–	(365)	(126,139)	(126,504)
Conversion into a joint stock company (the "Capitalisation Issue")**	–	(549,445)	(59,509)	–	–	608,954	–
Share-based payment compensation	–	–	4,696	–	–	–	4,696
At 30 June 2026	28,824	159,760	4,761	(552,199)	(601)	(482,566)	(842,021)

* These deficit accounts comprised RMB555,497,000, RMB749,037,000 and RMB870,845,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 30 June 2026, respectively.

** On 30 January 2026, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under PRC generally Accepted Accounting Principles as of the conversion base date, including paid-in capital, capital reserve, share-based payment reserve and accumulated losses, amounting to RMB201,598,000 were converted into 288,240,520 ordinary shares at RMB0.1 each.

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve	Share-based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Net deficits
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000*
At 1 January 2025	24,131	540,999	55,899	(376,855)	58	(775,598)	(531,366)
Loss for the period	–	–	–	–	–	(90,341)	(90,341)
Other comprehensive loss for the period:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	(54)	–	(54)
Total comprehensive loss for the period	–	–	–	–	(54)	(90,341)	(90,395)
Capital injection	1,184	73,816	–	–	–	–	75,000
Recognition of redemption liabilities on owners' capital	–	–	–	(135,177)	–	–	(135,177)
Share-based payment compensation	–	–	1,831	–	–	–	1,831
At 30 June 2025 (Unaudited)	25,315	614,815	57,730	(512,032)	4	(865,939)	(680,107)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(201,535)	(189,783)	(90,341)	(126,139)
Adjustments for:					
Finance costs	*6*	66,175	81,444	37,458	48,389
Bank interest income	*5*	(1,283)	(249)	(161)	(20)
Interest income from debt investments at FVTOCI	*5*	–	(67)	–	(264)
Interest income from a related party	*5*	(143)	(155)	(78)	(38)
Interest income from the loan to an employee	*5*	(38)	(45)	(23)	(11)
Amortisation of intangible assets	*7*	58	24	24	22
Depreciation of property, plant and equipment	*13*	3,817	3,107	1,512	1,659
Depreciation of right-of-use assets	*14*	2,412	2,390	1,191	1,248
Loss on the disposal of property, plant and equipment	*7*	1	35	38	–
Gains on financial assets at FVTPL	*5*	(505)	(533)	–	(194)
Share of loss of an associate	*15*	151	301	147	306
Share-based payment compensation	*26*	8,875	3,675	1,831	4,696
Government grants recognised from deferred income		–	(126)	(42)	(84)
Foreign exchange gains, net	*5*	(453)	(18)	31	(45)
		(122,468)	(100,000)	(48,413)	(70,475)
(Increase)/decrease in prepayments, other receivables and other assets		(6,630)	865	4,762	(4,062)
Increase in trade and other payables		8,549	2,292	5,820	396
(Increase)/decrease in amount due from a related party		(500)	500	500	(800)
Net cash flows used in operating activities		(121,049)	(96,343)	(37,331)	(74,941)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,283	249	161	637
Purchases of items of property, plant and equipment		(2,999)	(1,308)	(176)	(175)

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchases of items of other intangible assets		–	–	–	(239)
Advances of loan to a related party		(2,750)	–	–	–
Advances of loan to an employee		(1,187)	–	–	–
Repayment of loan from a related party		–	–	–	4,250
Repayment of loan from an employee		–	–	–	3,405
Receipt of government grants for property, plant and equipment		–	603	603	–
Placement of financial assets at FVTPL		(70,000)	(200,000)	–	(60,000)
Withdrawal of financial assets at FVTPL		120,645	150,478	–	110,249
Proceeds from disposal of property, plant and equipment		–	98	78	–
Placement of debt investments at FVTOCI		–	(30,000)	–	–
Proceeds from withdrawal of time deposits with original maturity of more than three months		20,447	–	–	–
Capital injection in an associate		(1,250)	–	–	–
Net cash flows from/(used in) investing activities		64,189	(79,880)	666	58,127
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital injection from shareholders		10,000	176,930	75,000	–
New bank borrowings		5,000	5,000	5,000	50,000
Repayment of bank borrowings		–	(5,000)	(5,000)	(25,000)
New borrowing from a related party		–	20,000	20,000	–
Repayment of borrowing to a related party		–	(20,000)	(20,000)	–
Interest paid on borrowing from a related party		–	(222)	–	–
Interest paid on bank borrowings		(20)	(139)	(69)	(94)
Repayment of lease payments		(2,588)	(2,579)	(1,387)	(1,381)
Release of restricted bank balances		–	–	–	7,000
Capital injection expenses paid		–	(4,031)	–	–
[**REDACTED**] paid		–	(748)	–	(3,916)
Net cash flows from financing activities		12,392	169,211	73,544	26,609

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(44,468)	(7,012)	36,879	9,795
Cash and cash equivalents at beginning of year/period		94,798	50,783	50,783	43,577
Effect of foreign exchange rate changes, net		453	(194)	(84)	(321)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		50,783	43,577	87,578	53,051
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	*19*	50,783	50,577	87,578	53,051
Less: restricted bank balances	*19*	–	(7,000)	–	–
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		50,783	43,577	87,578	53,051

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 30 June
		2024	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	9,521	7,470	5,965
Right-of-use assets	*14*	877	648	534
Intangible assets		24	–	217
Investments in subsidiaries	*1*	75,749	89,075	103,900
Investments in associates	*15*	1,099	798	492
Prepayments, other receivables and other assets	*16*	10,995	14,439	17,512
Total non-current assets		98,265	112,430	128,620
CURRENT ASSETS				
Prepayments, other receivables and other assets	*16*	10,733	8,202	12,862
Amounts due from subsidiaries	*30*	7,094	7,080	7,060
Amounts due from related parties	*30*	4,946	4,601	800
Debt investments at FVTOCI	*17*	–	30,067	30,331
Financial assets at FVTPL	*18*	–	50,055	–
Restricted bank balances	*19*	–	7,000	–
Cash and cash equivalents	*19*	37,133	34,813	28,382
Total current assets		59,906	141,818	79,435
CURRENT LIABILITIES				
Interest-bearing bank borrowings	*21*	–	–	20,015
Trade and other payables	*20*	31,653	43,148	42,584
Amounts due to subsidiaries	*30*	20,958	23,745	19,630
Lease liabilities	*14*	233	244	387
Total current liabilities		52,844	67,137	82,616
NET CURRENT ASSETS/(LIABILITIES)		7,062	74,681	(3,181)
TOTAL ASSETS LESS CURRENT LIABILITIES		105,327	187,111	125,439
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	859	614	350
Deferred income	*22*	–	477	393
Redemption liabilities on owners' capital/equity shares	*24*	582,689	838,999	887,238
Total non-current liabilities		583,548	840,090	887,981
Net liabilities		(478,221)	(652,979)	(762,542)
DEFICITS				
Paid-in capital/Share capital	*25*	24,131	28,824	28,824
Deficits	*26*	(502,352)	(681,803)	(791,366)
Total deficits		(478,221)	(652,979)	(762,542)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

VivaVision Biotech (Zhejiang) Co., Ltd. (the "Company") was established as a limited liability company in the People's Republic of China (the "PRC") on 22 September 2016 and was converted into a joint-stock company with limited liability on 30 January 2026. The registered office of the Company is located at Room 4020, Building B, North Zone, Gene Valley, Ouhai District, Wenzhou City, Zhejiang Province, China.

The Company and its subsidiaries (the "Group") are principally engaged in the development and commercialisation of innovative ophthalmic treatments.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are as follows:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Vivavision Yaojing Biotech Co., Ltd. (上海維眸曜睛生物科技有限公司)* *(note a)* . . .	PRC/Chinese mainland 11 July 2023	RMB23,000,000	100%	–	Research and development of biochemistry product technologies; medical research and experimental development
VIVAVISION BIOTECH (HONG KONG) LIMITED *(note b)*	Hong Kong 16 January 2023	HKD1	100%	–	Research and development of biochemistry product technologies; medical research and experimental development
VIVAVISION BIOTECH INC. *(note a)*	United States of America ("USA") 29 June 2020	USD5,000	100%	–	Investment holding
AVENABIO LLC *(note a)* .	USA 4 August 2023	USD5,000	–	100%	Investment holding
Guangzhou Vivavision Biotech Co., Ltd. (維眸生物科技) (廣州) 有限公司)* *(note a)*	PRC/Chinese mainland 24 April 2026	RMB5,000,000	100%	–	Research and development of biochemistry product technologies; medical research and experimental development

* This entity is a limited liability enterprise established under the PRC law. The English name of this entity represents the best effort made by the directors of the Company to translate its Chinese name, as it has not been registered with an official English name.

Notes:

(a) No audited financial statements have been prepared for the entity for the Relevant Periods, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation/registration.

(b) The statutory financial statements for the year ended 31 December 2024 prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the HKICPA were audited by KAIZEN CPA LIMITED, certified public accountants registered in Hong Kong. The statutory financial statements for the year ended 31 December 2025 were audited by Yip Hoi To CPA (Practising), certified public accountants registered in Hong Kong.

The carrying amounts of the Company's investments in subsidiaries are as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	68,973	78,624	89,458
Deemed investment arising from share-based payments	6,776	10,451	14,442
Total	75,749	89,075	103,900

As at 30 June 2026, no impairment indicator was identified for the investments in subsidiaries, considering (i) the fact that the progress of all pipelines remains in line with expectations; (ii) no significant adverse changes in the operating environment and management stability of these subsidiaries; and (iii) no plan for the discontinuation, restructuring or disposal of any of the subsidiaries.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Historical Financial Information has been prepared on a going concern basis notwithstanding that, as at 30 June 2026, the Group had net liabilities of RMB842,021,000 and continually incurred losses from operations, it recorded net current assets of RMB19,006,000. The directors of the Company assessed whether the Group has sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group.

The Company has prudently prepared a full-speed budget based on clinical trials of its core products and other products for 2026 and 2027 assuming the Company is able to raise [**REDACTED**] from the listing as well as a backbone budget plan to advance all necessary R&D activities for its core products assuming the Company is unable to raise [**REDACTED**] from the Listing. Based on the rigorous review of the budget under either full-speed or backbone scenario, the directors of the Company are satisfied that the Group would have sufficient working capital to meet its present obligations, taking into account the financial resources available, including the current assets of RMB97,663,000 at 30 June 2026, available bank facilities of RMB10,000,000 and potential financing activities, for next twelve months from 30 June 2026.

Based on the above factors, the Group's historical performance and the management's operating and financing plans, the directors of the Company concluded that it is appropriate to prepare the Historical Financial Information on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the foreign currency translation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[4]

[1] Effective for annual/reporting periods beginning on or after 1 January 2027

[2] No mandatory effective date yet determined but available for adoption

[3] Effective for annual periods beginning on or after 1 January 2029

[4] The amendments are applied when an entity first applies IFRS 18

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its debt investments at FVTOCI and financial assets at FVTPL at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computer and office equipment .	19% to 31.67%
Machinery and equipment	19% to 31.67%
Motor vehicles	19% to 31.67%
Leasehold improvements	Over the shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises and laboratories	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate used to determine such lease payments) or a change in assessment of an option to purchase the underlying asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTOCI (debt instruments)

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVTOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Redemption liabilities on owners' capital/equity shares are initially recognised at the net present value of the redemption amount.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and redemption liabilities on owners' capital/equity shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, amount due to a related party, borrowings and redemption liabilities on owners' capital/equity shares)

After initial recognition, trade and other payables, amount due to a related party, interest-bearing bank borrowings and redemption liabilities on owners' capital/equity shares are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Redemption liabilities on owners' capital/equity shares

For the redeemable equity shares issued by the Company as detailed in note 24, financial liabilities are recognised based on the net present value of the redemption amount and debited to equity. Changes of the net present value during the reporting period are recognised in profit or loss. When the redemption rights related to the redeemable owners' capital are terminated, redemption liabilities on owners' capital/equity shares are extinguished and credited to equity.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer. Further details are set out in note 27 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Events after the reporting periods

If the Group receives information after the reporting periods, but prior to the date of authorisation for issue, about conditions that existed at the end of each reporting periods, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are only capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Significant influence even though the Group holds less than 20% of the voting rights

The Group considers that it has significant influence on certain companies even though it owns less than 20% of the voting rights. This is because the Group has the power to obtain representation on such companies' boards of directors and is able to exercise significant influence on their financial and operating decisions. Details of the basis of such management judgement are set out in note 15.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notwithstanding that the Group recorded a loss for the six months end 30 June 2026, no indicators of the impairment for non-financial assets are identified as of 30 June 2026, since (i) the assets' value have not declined significantly; (ii) the assets are not obsolete or physically damaged; and (iii) the R&D project progress remains in line with expectations and the losses incurred for the Relevant Periods did not exceed the budget for the same periods.

Accrual of research and development expenses

The Group relies on contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestones achieved.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the restricted shares, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses the backsolve from recent transaction method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which engages in the research and development of innovative drugs. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

As the Group is still in the research and development stage and has not achieved commercialisation, there was no external sales revenue.

(b) Non-current assets

Since all of the Group's non-current assets were located in the Chinese mainland, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income				
Government grants*	5,650	5,566	1,509	313
Bank interest income	1,283	249	161	20
Interest income from debt investments at FVTOCI	–	67	–	264
Interest income from the loan to an employee	38	45	23	11
Interest income from the loan to a related party	143	155	78	38
Others	500	414	35	799
Total other income	7,614	6,496	1,806	1,445
Gains				
Foreign exchange gains, net	453	18	–	45
Gains on financial assets at FVTPL	505	533	–	194
Total gains	958	551	–	239
Total	8,572	7,047	1,806	1,684

* The government grants mainly represent subsidies received from local government authorities for the purpose of compensation for expenditure arising from research and clinical trial activities. Certain government grants related to income have future related costs expected to be incurred and require us to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. This grant related to income was recognised in profit or loss when related costs are subsequently incurred and the Group received government acknowledge of compliance. There are no unfulfilled conditions or contingencies relating to other government grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on redemption liabilities on owners' capital/equity shares	66,030	80,966	37,107	48,239
Interest on lease liabilities	120	119	65	41
Interest on interest-bearing bank borrowings	25	137	64	109
Interest on borrowing from a related party	–	222	222	–
Total	66,175	81,444	37,458	48,389

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	*13*	3,817	3,107	1,512	1,659
Amortisation of intangible assets		58	24	24	22
Depreciation of right-of-use assets	*14*	2,412	2,390	1,191	1,248
Research and development expenses*		128,261	94,399	47,850	56,925
[**REDACTED**]		–	6,345	–	11,058
Government grants	*5*	(5,650)	(5,566)	(1,509)	(313)
Bank interest income	*5*	(1,283)	(249)	(161)	(20)
Interest income from the loan to an employee	*5*	(38)	(45)	(23)	(11)
Interest income from the loan to a related party	*5*	(143)	(155)	(78)	(38)
Foreign exchange (gains)/losses, net	*5*	(453)	(18)	31	(45)
Loss on disposal of items of property, plant and equipment		1	35	38	–
Gains on financial assets at FVTPL	*5*	(505)	(533)	–	(194)
Auditor's remuneration		208	134	90	162
Employee benefit expense (including directors' and chief executive's remuneration *(note 9)*):					
– Salaries, allowances and benefits in kind		32,155	31,568	15,923	16,803
– Performance related bonuses		2,064	2,125	933	1,076
– Pension scheme contributions		535	581	294	317
– Equity-settled share-based payments		8,875	3,675	1,831	4,696
Total employee benefit expense		43,629	37,949	18,981	22,892

* The "Research and development expenses" includes amortisation of intangible assets, depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs which are also included in the respective total amounts of the items disclosed above.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and the six months ended 30 June 2025, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	1,892	2,854	950	1,717
Performance related bonuses	1,100	100	50	325

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Pension scheme contributions	8	52	8	9
Equity-settled share-based payments	–	707	–	82
Total fees and other emoluments	3,000	3,713	1,008	2,133

During the Relevant Periods and the six months ended 30 June 2025, share awards were granted to certain directors in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair values of such share awards, which have been recognised in profit or loss over the vesting period, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2025 are included in the above directors' and chief executive's remuneration disclosures.

(a) Directors and chief executive

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	1,892	1,100	8	–	3,000
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	–	–	–	–	–
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	1,892	1,100	8	–	3,000

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	1,900	100	16	–	2,016
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	500	–	5	–	505
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Mr. Wang Haikuan *(Note h)*	–	–	–	–	–

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zhao Jianghua *(Note i)*	–	–	–	–	–
Mr. Lu Ying *(Note j)*	454	–	31	707	1,192
Subtotal	954	–	36	707	1,697
Total	2,854	100	52	707	3,713

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	950	50	8	–	1,008
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	125	–	1	82	208
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Mr. Wang Haikuan *(Note h)*	–	–	–	–	–
Mr. Zhao Jianghua *(Note i)*	–	–	–	–	–
Mr. Lu Ying *(Note j)*	–	–	–	–	–
Mr. Huang Yide *(Note k)*	–	–	–	–	–
Mr. Sun Jialin *(Note l)*	–	–	–	–	–
Mr. Zhang Nan *(Note m)*	–	–	–	–	–
Mr. Shen Hongquan *(Note n)*	–	–	–	–	–
Mr. Xu Decai *(Note o)*	–	–	–	–	–
Mr. Xia Erning *(Note p)*	642	275	–	–	917
Subtotal	767	275	1	82	1,125
Total	1,717	325	9	82	2,133

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2025 (unaudited)					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	950	50	8	–	1,008
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	–	–	–	–	–
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Mr. Wang Haikuan *(Note h)*	–	–	–	–	–
Mr. Zhao Jianghua *(Note i)*	–	–	–	–	–
Mr. Lu Ying *(Note j)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	950	50	8	–	1,008

Notes:

(a) Dr. Shen Wang was appointed as a director and chief executive officer of the Company with effect from September 2016 and was re-designated as an executive director of the Company with effect from February 2026.

(b) Mr. Xu Daqiang was appointed as a director of the Company with effect from March 2021 and has resigned as a director of the Company with effect from January 2026.

(c) Mr. Zong Yiwei was appointed as a director of the Company with effect from June 2016 and has resigned as a director of the Company with effect from January 2026.

(d) Mr. Fan Jianxun was appointed as a director of the Company with effect from August 2019 and has resigned as a director of the Company with effect from January 2026.

(e) Mr. Han Yongxin was appointed as a director of the Company with effect from June 2018 and has resigned as a director of the Company with effect from May 2025.

(f) Ms. Gu Cuiping was appointed as a director of the Company with effect from March 2021 and has resigned as a director of the Company with effect from January 2026.

(g) Ms. Mao Jun was appointed as a director of the Company with effect from June 2016 and has resigned as a director of the Company with effect from January 2026.

(h) Mr. Wang Haikuan was appointed as a director of the Company from May 2025 and has resigned as a director of the Company with effect from January 2026.

(i) Mr. Zhao Jianghua was appointed as a director of the Company from June 2025 and has resigned as a director of the Company with effect from January 2026.

(j) Mr. Lu Ying was appointed as a director of the Company with effect from June 2025 and has resigned as a director of the Company with effect from January 2026.

(k) Mr. Huang Yide was appointed a director of the Company with effect from January 2026 and was re-designated as a non-executive director of the Company with effect from February 2026.

(l) Ms. Sun Jialin was appointed as a director of the Company with effect from January 2026 and was re-designated as a non-executive director of the Company with effect from February 2026.

(m) Mr. Zhang Nan was appointed as a director of the Company with effect from January 2026 and re-designated as an independent non-executive director of the Company with effect from February 2026.

(n) Mr. Shen Hongquan was appointed as a director of the Company with effect from January 2026 and re-designated as an independent non-executive director of the Company with effect from February 2026.

(o) Mr. Xu Decai was appointed as a director of the Company with effect from January 2026 and re-designated as an independent non-executive director of the Company with effect from February 2026.

(p) Xia Erning was appointed as a director of the Company with effect from January 2026 and was re-designated as an executive director of the Company with effect from February 2026.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2025, included one director, two directors, three directors and two directors (unaudited), the details of whose remuneration are set out in note 8 above. In addition, included in the five highest paid during the Relevant Periods was one individual being appointed as a director in June 2025. The total remuneration of this individual for the year ended 31 December 2025, including the remuneration in respect of his qualifying services as a director, is comprised of salaries, allowances and benefits in kind of RMB988,000, pension scheme contribution of RMB61,000 and equity-settled share award expense of RMB2,122,000, respectively. The total remuneration of this individual for the six months ended 30 June 2025, including the remuneration in respect of his qualifying services as a director, is comprised of salaries, allowances and benefits in kind of RMB639,000, pension scheme contribution of RMB37,000 and equity-settled share award expense of RMB474,000, respectively. Included in the five highest paid employees for the six months ended 30 June 2026 was one individual being appointed as a director in January 2026 and one individual being resigned as a director in January 2026. The total remuneration of these two individuals for the six months ended 30 June 2026, including the remuneration in respect of his qualifying services as a director, is comprised of salaries, allowances and benefits in kind of RMB1,523,000, pension scheme contribution of RMB40,000 and equity-settled share award expense of RMB490,000, respectively. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	7,160	4,613	3,024	1,858
Performance related bonuses	996	685	356	100
Pension scheme contributions	85	71	34	82
Equity-settled share-based payments	6,758	363	317	1,652
Total fees and other emoluments	14,999	5,732	3,731	3,692

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	Number of employees	Number of employees	Number of employees (unaudited)	Number of employees
HKD500,001 to HKD1,000,000	–	–	1	–
HKD1,000,001 to HKD1,500,000	1	1	1	1
HKD2,000,001 to HKD2,500,000	–	2	1	–
HKD2,500,001 to HKD3,000,000	1	–	–	1
HKD3,500,001 to HKD4,000,000	1	–	–	–
HKD8,500,001 to HKD9,000,000	1	–	–	–
Total	4	3	3	2

During the Relevant Periods and the six months ended 30 June 2025, share awards were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair values of such share awards, which have been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2025 are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the Relevant Periods and the six months ended 30 June 2025, no highest paid employees waived or agreed to waive any remuneration, and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods . No provision for Hong Kong profits tax has been provided as the Group's entity in Hong Kong had no estimated assessable profits during the Relevant Periods and the six months ended 30 June 2025.

Chinese mainland

The provision for PRC corporate income tax is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

Pursuant to Caishui [2023] No. 12 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Tax Policies for Further Supporting the Development of Small Low-profit Enterprises and Self-employed Businesses" (財政部税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告), a subsidiary whose annual taxable income is less than RMB1,000,000 will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy took effect on 1 January 2023 and will expire on 31 December 2027.

USA

The entities in the State of Delaware are subject to Federal Tax at a rate of 21% and State of Delaware Profits Tax at a rate of 8.7%. Operations in the USA have incurred net accumulated operating losses for income tax purposes and no income tax provisions were recorded during the Relevant Periods.

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax position at the effective tax rates is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(201,535)	(189,783)	(90,341)	(126,139)
Tax at the statutory tax rate (25%)	(50,384)	(47,446)	(22,585)	(31,535)
Effect of different tax rates enacted by local authorities	3,150	1,527	725	1,342

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Additional deductible allowance for research and development expenses	(11,274)	(9,288)	(4,329)	(5,674)
Tax losses and temporary differences not recognised	41,276	33,836	16,501	22,039
Expenses not deductible for tax	17,232	21,371	9,688	13,828
Tax charge at the Group's effective rate	–	–	–	–

The Group also has tax losses arising in the Chinese mainland of RMB624,972,000, RMB751,649,000 and RMB841,956,000 at the end of each of the Relevant Periods, respectively, that will expire in one to ten years for offsetting against future taxable profits. The Group also has tax losses from foreign operations of RMB16,339,000, RMB19,974,000 and RMB20,004,000 at the end of each of the Relevant Periods, respectively, which can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

The Group has unrecognised deductible temporary differences of nil, RMB6,438,000 and RMB4,512,000 as at the end of each of the Relevant Periods, respectively. The unrecognised deductible temporary differences are mainly related to the accrued expenses before final settlement.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in the foreseeable future will be available against which the tax losses can be utilised.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2025.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

On 30 January 2026, the Company was converted to a joint stock limited liability company. A total of 288,244,520 ordinary shares of par value of RMB0.1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB0.1 each is applied retrospectively for the Relevant Periods and the six months ended 30 June 2025 for the purpose of computation of basic earnings per share.

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2025.

During the Relevant Periods and the six months ended 30 June 2025, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the conversion of the convertible bonds and the redemption liabilities on equity shares had an anti-dilutive effect on-the-basic-loss per-share-amounts presented.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Loss				
Loss attributable to ordinary equity holders of the parent, for the purpose of calculating basic and diluted loss per share (RMB'000)	(201,535)	(189,783)	(90,341)	(126,139)
Shares				
Weighted average number of ordinary shares outstanding during the year/period used in the basic and diluted loss per share calculation	239,736,085	254,652,398	242,369,454	288,244,520
Loss per share (basic and diluted) (RMB per share)	(0.84)	(0.75)	(0.37)	(0.44)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	10,835	1,286	100	4,880	17,101
Accumulated depreciation	(2,813)	(578)	(60)	(2,441)	(5,892)
Net carrying amount	8,022	708	40	2,439	11,209
At 1 January 2024, net of accumulated depreciation	8,022	708	40	2,439	11,209
Additions	1,914	98	–	120	2,132
Disposal	(1)	–	–	–	(1)
Depreciation provided during the year	(2,253)	(364)	(16)	(1,184)	(3,817)
At 31 December 2024, net of accumulated depreciation	7,682	442	24	1,375	9,523
At 31 December 2024:					
Cost	12,727	1,384	100	5,000	19,211
Accumulated depreciation	(5,045)	(942)	(76)	(3,625)	(9,688)
Net carrying amount	7,682	442	24	1,375	9,523

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	12,727	1,384	100	5,000	19,211
Accumulated depreciation	(5,045)	(942)	(76)	(3,625)	(9,688)
Net carrying amount	7,682	442	24	1,375	9,523
At 1 January 2025, net of accumulated depreciation	7,682	442	24	1,375	9,523
Additions	1,039	–	277	170	1,486
Disposal	(116)	–	(17)	–	(133)
Depreciation provided during the year	(2,420)	(193)	(27)	(467)	(3,107)
At 31 December 2025, net of accumulated depreciation	6,185	249	257	1,078	7,769
At 31 December 2025:					
Cost	13,650	1,384	360	5,170	20,564
Accumulated depreciation	(7,465)	(1,135)	(103)	(4,092)	(12,795)
Net carrying amount	6,185	249	257	1,078	7,769

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026					
At 1 January 2026:					
Cost	13,650	1,384	360	5,170	20,564
Accumulated depreciation	(7,465)	(1,135)	(103)	(4,092)	(12,795)
Net carrying amount	6,185	249	257	1,078	7,769
At 1 January 2026, net of accumulated depreciation	6,185	249	257	1,078	7,769
Additions	22	67	–	10	99
Depreciation provided during the period	(1,252)	(97)	(33)	(277)	(1,659)
At 30 June 2026, net of accumulated depreciation	4,955	219	224	811	6,209
At 30 June 2026:					
Cost	13,672	1,451	360	5,180	20,663
Accumulated depreciation	(8,717)	(1,232)	(136)	(4,369)	(14,454)
Net carrying amount	4,955	219	224	811	6,209

The Company

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	10,813	1,286	–	4,880	16,979
Accumulated depreciation	(2,792)	(578)	–	(2,441)	(5,811)
Net carrying amount	8,021	708	–	2,439	11,168
At 1 January 2024, net of accumulated depreciation	8,021	708	–	2,439	11,168
Additions	1,914	98	23	120	2,155
Depreciation provided during the year	(2,253)	(364)	(1)	(1,184)	(3,802)
At 31 December 2024, net of accumulated depreciation	7,682	442	22	1,375	9,521
At 31 December 2024:					
Cost	12,727	1,384	23	5,000	19,134
Accumulated depreciation	(5,045)	(942)	(1)	(3,625)	(9,613)
Net carrying amount	7,682	442	22	1,375	9,521

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	12,727	1,384	23	5,000	19,134
Accumulated depreciation	(5,045)	(942)	(1)	(3,625)	(9,613)
Net carrying amount	7,682	442	22	1,375	9,521
At 1 January 2025, net of accumulated depreciation	7,682	442	22	1,375	9,521
Additions	1,037	–	–	130	1,167
Disposal	(116)	–	(17)	–	(133)
Depreciation provided during the year	(2,420)	(193)	(5)	(467)	(3,085)
At 31 December 2025, net of accumulated depreciation	6,183	249	–	1,038	7,470
At 31 December 2025:					
Cost	13,473	1,383	–	5,130	19,986
Accumulated depreciation	(7,290)	(1,134)	–	(4,092)	(12,516)
Net carrying amount	6,183	249	–	1,038	7,470

	Machinery and equipment	Computer and office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026				
At 1 January 2026:				
Cost	13,473	1,383	5,130	19,986
Accumulated depreciation	(7,290)	(1,134)	(4,092)	(12,516)
Net carrying amount	6,183	249	1,038	7,470
At 1 January 2026, net of accumulated depreciation	6,183	249	1,038	7,470
Additions	22	67	–	89
Depreciation provided during the period	(1,252)	(97)	(245)	(1,594)
At 30 June 2026, net of accumulated depreciation	4,953	219	793	5,965
At 30 June 2026:				
Cost	13,495	1,450	5,130	20,075
Accumulated depreciation	(8,542)	(1,231)	(4,337)	(14,110)
Net carrying amount	4,953	219	793	5,965

As at the end of each of the Relevant Periods, there were no pledged property, plant and equipment.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises and laboratories used in its operations. Leases of office premises and laboratories generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Office premises and laboratories
	RMB'000
As at 1 January 2024	3,843
Additions	2,572
Depreciation charge	(2,412)
As at 31 December 2024 and 1 January 2025	4,003
Additions	735
Depreciation charge	(2,390)
As at 31 December 2025 and 1 January 2026	2,348
Additions	2,419
Depreciation charge	(1,248)
As at 30 June 2026	3,519

The Company

	Office premises and laboratories
	RMB'000
As at 1 January 2024	2,425
Depreciation charge	(1,548)
As at 31 December 2024 and 1 January 2025	877
Depreciation charge	(229)
As at 31 December 2025 and 1 January 2026	648
Depreciation charge	(114)
As at 30 June 2026	534

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		As at 30 June
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	4,129	4,233	2,508
Additions	2,572	735	2,419
Accretion of interest recognised during the year/period	120	119	41
Payments	(2,588)	(2,579)	(1,381)
Carrying amount	4,233	2,508	3,587
Analysed into:			
Current portion	2,018	1,894	1,896
Non-current portion	2,215	614	1,691

The Company

	As at 31 December		As at 30 June
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	2,695	1,092	858
Accretion of interest recognised during the year/period	79	42	17
Payments	(1,682)	(276)	(138)
Carrying amount	1,092	858	737
Analysed into:			
Current portion	233	244	387
Non-current portion	859	614	350

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of right-of-use assets	2,412	2,390	1,191	1,248
Interest on lease liabilities	120	119	65	41
Total amount recognised in profit or loss	2,532	2,509	1,256	1,289

(d) The total cash outflows for leases are disclosed in note 28(c) to the Historical Financial Information.

15. INVESTMENTS IN ASSOCIATES

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	1,099	798	492

The Group's shareholdings in the associates held directly.

Particulars of the material associates are as follows:

Name	Registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Jiangxi Shining Weimou Pharmaceutical Co., Ltd. ("江西閃亮維眸醫藥有限公司")	RMB5,000,000	PRC	25%	Research and development
E-nitiate Biopharmaceuticals (Hangzhou) Co., Ltd. *(note)* ("啟元生物(杭州)有限公司")	RMB52,543,958	PRC	16.1769%	Research and development

Note: The Group was able to exercise significant influence over E-nitiate Biotechnology (Hangzhou) Co., Ltd. since the inception of this investment because it has the power to appoint one out of six directors under the Articles of Association of the company.

The Group has discontinued the recognition of its share of losses of E-nitiate Biotechnology (Hangzhou) Co., Ltd. because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate cumulatively were RMB43,311,0000, RMB47,976,000 and RMB50,363,000 as at the end of each of the Relevant Periods.

The following table illustrates the financial information of the Group's associates that are not individually material:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Share of the associates' loss and total comprehensive loss for the year/period	(151)	(301)	(147)	(306)
Aggregate carrying amount of the Group's investments in the associates	1,099	798	952	492

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Rental and other deposits	276	90	335
Value-added tax recoverable	10,759	14,370	17,491
Prepayments for purchase of items of property, plant and equipment	178	–	32
Total	11,213	14,460	17,858
Current:			
Prepayments for research and development services	10,704	5,860	7,154
Deferred [**REDACTED**]	–	2,115	5,468
Other receivables	771	615	475
Other prepayments	50	838	384
Advances of loans to an employee	3,660	3,623	–
Total	15,185	13,051	13,481

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Rental and other deposits	81	90	88
Value-added tax recoverable	10,736	14,349	17,392
Prepayments for purchase of items of property, plant and equipment	178	–	32
Total	10,995	14,439	17,512
Current:			
Prepayments for research and development services	9,950	5,643	6,976
Deferred [**REDACTED**]	–	2,115	5,468
Other receivables	733	31	34
Other prepayments	50	413	384
Total	10,733	8,202	12,862

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances of advances of loans to an employee are unsecured, bear interest at 1.26% per annual and repayable on demand.

17. DEBT INVESTMENTS AT FVTOCI

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Certificates of deposits	–	30,067	30,331

The amount of certificates of deposits represented deposits issued by a bank in Chinese mainland. They are classified and measured at FVTOCI as they are held within the business model whose objective is achieved by both collecting contractual cashflows and selling financial assets.

18. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	–	50,055	–

The above wealth management products were issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

19. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	50,783	50,577	53,051
Less:			
Restricted bank balances *(note 20)*	–	7,000	–
Cash and cash equivalents	50,783	43,577	53,051
Denominated in:			
USD	22,749	2,393	7,878
RMB	23,793	35,741	40,364
HKD	4,241	5,443	4,809
Total	50,783	43,577	53,051

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	37,133	41,813	28,382
Less:			
Restricted bank balances *(note 20)*	–	7,000	–
Cash and cash equivalents	37,133	34,813	28,382
Denominated in:			
USD	20,872	489	31
RMB	16,261	34,324	28,351
Total	37,133	34,813	28,382

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Trade payables	221	26	96
Accrued research and development expenses	26,689	25,047	26,541
Accrued [**REDACTED**]	–	5,781	3,726
Payables for property, plant and equipment	43	43	–
Payroll payables	4,192	4,424	3,487
Other taxes payables	259	205	181
Borrowing from a third party*	–	7,000	7,000
Other payables	4,811	4,426	5,712
Total	36,215	46,952	46,743

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	221	26	96

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Trade payables	221	26	96
Accrued research and development expenses	25,730	24,555	26,541
Accrued [**REDACTED**]	–	5,781	3,726
Payables for acquisition of property and equipment	–	43	–
Payroll payables	1,026	1,467	898
Other taxes payables	56	87	86
Borrowing from a third party*	–	7,000	7,000
Other payables	4,620	4,189	4,237
Total	31,653	43,148	42,584

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	221	26	96

* On 18 December 2025, the Company and a certain third party investor (the "Investor") entered into a convertible bond investment agreement, pursuant to which the Company agreed to issue and the Investor agreed to subscribe for a convertible bond in the principal amount of RMB7,000,000 with an interest rate of 5% per annum, maturing on 30 September 2026 (the "Convertible Bond"). Within 10 working days from the date of signing the agreement, the Company and the Investor shall jointly establish an escrow bank account (the "Escrow Account") in the name of the Company for holding the transfer considerations under the agreement. The funds held therein shall be paid to the bank account designated by the Company upon satisfaction of the conditions stipulated in the agreement.

As at 31 December 2025, consideration of RMB7,000,000 had been transferred into the Escrow Account. The funds were released on 23 January 2026. The Company thereafter is entitled to convert the principal amount of the loan into the Company's shares prior to the maturity date at a conversion price of RMB63.3258, provided that the conversion conditions stipulated in the agreement is satisfied. Any Convertible Bond not converted before the maturity date will be redeemed at a price of the principal amount plus any accrued and unpaid interest calculated at 5% per annum on the principal. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity, which is assessed to be minimal.

The trade payables are non-interest-bearing and are normally settled on terms of three months. The other payables are unsecured, non-interest-bearing and repayable on demand.

The carrying amounts of financial liabilities included in trade and other payables as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

21. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2024		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	Loan prime rate ("LPR")-10 basepoints ("bps")	2025	5,005

	As at 31 December 2025		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	LPR-10bps	2026	5,003

	As at 30 June 2026		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	LPR-35bps	2027	20,015
Bank loans – secured*	LPR-45bps	2027	10,003
Total	–	–	30,018

Bank loans are denominated in RMB.

* As at 30 June 2026, certain of the Group's bank loans are secured by the Company and a third party.

The Company

	As at 30 June 2026		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	LPR-35bps	2027	20,015

22. DEFERRED INCOME

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	–	477	393

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

23. DEFERRED TAX

The Group

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 31 December 2023	717
Credited to profit or loss	(264)
As at 31 December 2024	453
Credited to profit or loss	(150)
As at 31 December 2025	303
Credited to profit or loss	39
As at 30 June 2026	342

Deferred tax assets

	Tax Losses	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023	–	717	717
Credited/(debited) to profit or loss	55	(319)	(264)
As at 31 December 2024	55	398	453
Debited to profit or loss	(4)	(146)	(150)
As at 31 December 2025	51	252	303
Debited to profit or loss	(40)	79	39
As at 30 June 2026	11	331	342

The Company

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 31 December 2023	606
Credited to profit or loss	(333)
As at 31 December 2024	273
Credited to profit or loss	(58)
As at 31 December 2025	215
Credited to profit or loss	(81)
As at 30 June 2026	134

Deferred tax assets

	Others	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023	–	606	606
Credited/(debited) to profit or loss	54	(387)	(333)
As at 31 December 2024	54	219	273
Debited to profit or loss	(54)	(4)	(58)
As at 31 December 2025	–	215	215
Debited to profit or loss	–	(81)	(81)
As at 30 June 2026	–	134	134

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–

24. REDEMPTION LIABILITIES ON OWNERS' CAPITAL/EQUITY SHARES

From November 2016 to June 2026, the Company completed six rounds of pre-[**REDACTED**] investments, namely Series Angel Investments, Series A Investments, Series B Investments, Series C Investments, Series D Investments, Series D2 Investments and Series D2+ Investments (collectively referred to as "Pre-[**REDACTED**] Investments"). A total of 21,304,581 paid-in capital was issued at a total cash consideration of RMB735,000,000 under the Pre-[**REDACTED**] Investments.

The key terms of the shares are summarised as follows:

Redemption features

Upon occurrence of the specified events (such as the failure to achieve a qualified [**REDACTED**] within five years from the completion of Series D2 Investments) defined in the investment agreement, the Pre-[**REDACTED**] investors shall have the right to require the Company to redeem the shares.

The redemption amount is calculated as the sum of the original issue price of the shares, plus interest calculated with an effective interest rate at 8%, and plus all declared but unpaid dividends thereon.

Liquidation preferences

In the event of any liquidation, dissolution or termination of the Company, or in the event of the overall sale of the Company, holders of the shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, the amount for liquidation is the higher of (i) the original issue price for each series equity share at 8% interest rate per annum, plus any dividends declared but unpaid thereon; (ii) the actual paid-in shareholding ratio of the investor in the Company multiplied by the amount of distributable liquidation assets.

Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the founding team to transfer the shares at zero consideration or at the minimum consideration permitted by law to the investors.

Presentation and classification

The Group recognised Pre-[**REDACTED**] Investments as redemption liabilities on owners' capital initially at the present value of the expected redemption amount, and subsequently measured at amortised cost. Such liabilities are classified as non-current because the Group considers it has the right to defer the settlement of the liabilities after 12 months as at the end of each Relevant Periods based on the terms for redemption event.

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Redemption liabilities on owners' capital/equity shares	582,689	838,999	887,238

The movements of the redemption liabilities on owners' capital/equity shares are set out below:

The Group and the Company

	RMB'000
At 1 January 2024	506,790
Capital injection	9,869
Accretion of interest	66,030
At 31 December 2024 and 1 January 2025	582,689
Capital injection	175,344
Accretion of interest	80,966
At 31 December 2025 and 1 January 2026	838,999
Accretion of interest	48,239
At 30 June 2026	887,238

25. PAID-IN CAPITAL/SHARE CAPITAL

Pursuant to the shareholders' resolutions and the promoters' agreement dated 27 January 2026, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability. The net assets of the Company as of the conversion base date, including paid-in capital, other reserve and accumulated losses, were converted into 288,244,520 ordinary shares at RMB0.1 each. Upon the completion of registration with the Administration of Market Regulation of Wenzhou City on 30 January 2026, the Company was converted into a joint stock company with limited liability under PRC Company Law.

Paid-in capital/Share capital:

	Paid-in capital/ Share capital
	RMB'000
As at 1 January 2024	23,973
Capital injection *(a)*	158
As at 31 December 2024 and 1 January 2025	24,131
Capital injection *(b)*	4,693
As at 31 December 2025 and 30 June 2026	28,824

Notes:

(a) In December 2024, a certain investor subscribed for RMB158,000 paid-in capital of the Company at a total consideration of RMB10,000,000, among which RMB158,000 was recognised as paid-in capital and the remaining balance was recorded in capital reserve.

(b) In December 2025, certain investors subscribed for RMB4,693,000 paid-in capital of the Company at a total consideration of RMB176,930,000, among which RMB4,693,361 was recognised as paid-in capital and the remaining balance was recorded in capital reserve.

26. DEFICITS

The Group

The amounts of the Group's deficits and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve/Share premium

The capital reserve/share premium of the Group mainly represents the difference between the paid-in capital and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 27 to the Historical Financial Information.

(c) Other reserves

Other reserves of the Group represent the amount debited for the redemption liabilities of owners' capital/equity shares stipulated in note 24 to the Historical Financial Information.

The Company

	Capital reserve/Share premium*	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	531,157	47,024	(374,528)	(543,422)	(339,769)
Loss and total comprehensive loss for the year	–	–	–	(171,431)	(171,431)
Capital injection	9,842	–	–	–	9,842
Recognition of redemption liabilities on owners' capital	–	–	(9,869)	–	(9,869)
Equity-settled share-based payments	–	8,875	–	–	8,875
At 31 December 2024 and 1 January 2025	540,999	55,899	(384,397)	(714,853)	(502,352)
Loss and total comprehensive loss for the year	–	–	–	(175,988)	(175,988)
Capital injection	172,237	–	–	–	172,237
Capital injection expense	(4,031)	–	–	–	(4,031)
Recognition of redemption liabilities on owners' capital	–	–	(175,344)	–	(175,344)
Equity-settled share-based payments	–	3,675	–	–	3,675
At 31 December 2025 and 1 January 2026	709,205	59,574	(559,741)	(890,841)	(681,803)
Loss and total comprehensive loss for the period	–	–	–	(114,259)	(114,259)
Capitalisation Issue	(549,445)	(59,509)	–	608,954	–
Equity-settled share-based payments	–	4,696	–	–	4,696
At 30 June 2026	159,760	4,761	(559,741)	(396,146)	(791,366)

27. EQUITY-SETTLED SHARE-BASED PAYMENTS

Employee Incentive Scheme

The Company adopted a pre-[**REDACTED**] equity incentive scheme (the "Employee Incentive Scheme") in order to recognise and reward the contributions of certain directors and employees to the growth and development of the Group, and to retain eligible employees for the continuous operation and development of the Group.

In December 2021, 2,123,339 restricted shares of the Company (equivalent to 21,233,390 shares after conversion into a joint stock company) under the Employee Incentive Scheme were granted to certain employees and a certain director through the equity incentive platform, Huzhou Xiulai Business Consulting Partnership (Limited Partnership) (formerly known as Shanghai Xiulai Business Consulting Partnership (Limited Partnership)) ("Xiulai") at a price of RMB1.00 per restricted share ("Batch 2021"). In April 2024, 280,000 restricted shares of the Company (equivalent to 2,800,000 shares after conversion into a joint stock company) under the Employee Incentive Scheme were granted to certain employees through Xiulai at a price of RMB1.00 per restricted share ("Batch 2024"). In February 2026, 7,315,320 restricted shares of the Company under the Employee Incentive Scheme were granted to certain employees through Xiulai at a price of RMB1.00 per restricted share ("Batch 2026").

The restricted shares granted to the participants shall be unlocked in four equal instalments from the commencement date, subject to the service condition that a four-year service period from the commencement date has been completed or the achievement of performance targets as specified in the relevant grant notice.

As at the end of each of the Relevant Periods, 9,540,000, 1,150,000 and 7,515,320 restricted shares granted were unvested after conversion into a joint stock company, respectively.

The fair values of the equity incentives granted under the Scheme at the grant dates were as follows:

	Number of restricted shares	Fair value at grant date
		RMB per restricted share
Batch 2021	21,233,390	2.831
Batch 2024	2,800,000	1.686
Batch 2026	7,315,320	4.301

The fair value of the services received in return for the equity incentives granted is measured by reference to the fair value of the restricted shares granted less the consideration of RMB1.00 per restricted shares paid to Xiulai. The fair value of the restricted shares granted in December 2021 was measured at the grant date based on the valuation report applying the discounted cash flow approach conducted by an independent third-party valuer. The fair value of the restricted shares granted in April 2024 and February 2026 was measured at the grant date at the market value of the paid-in capital and was determined using the backsolve approach (backsolve from recent transaction method, in particular).

Major inputs used for the determination of the fair value of restricted shares granted during the Relevant Periods and the six months ended 30 June 2025 are listed as follows:

	Batch 2024	Batch 2026
Expected volatility	49.72%	47.77%
Dividend yield	0.00%	0.00%
Risk-free interest rate	2.04%	1.40%

During the Relevant Periods and the six months ended 30 June 2025, the Group recognized share-based compensation expenses of RMB8,875,000, RMB3,675,000, RMB4,696,000 and RMB1,831,000 (unaudited), respectively.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,572,000, RMB735,000, RMB2,419,000 and nil (unaudited) respectively, in respect of lease arrangements for office premises and laboratories.

(b) Changes in liabilities arising from financing activities

	Borrowing from a third party	Loan from a related party	Accrued [REDACTED]	Lease liabilities	Interest-bearing bank borrowings	Redemption liabilities on owners' capital/equity shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	–	–	–	4,129	–	506,790	510,919
Changes from financing cash flows	–	–	–	(2,588)	4,980	–	2,392
New lease	–	–	–	2,572	–	–	2,572
Recognition of redemption liabilities on owners' capital	–	–	–	–	–	9,869	9,869
Accretion of interest recognised during the year	–	–	–	120	25	66,030	66,175
At 31 December 2024 and 1 January 2025	–	–	–	4,233	5,005	582,689	591,927
Changes from financing cash flows	–	(222)	(748)	(2,579)	(139)	–	(3,688)
Changes from operating cash flows	–	–	(1,931)	–	–	–	(1,931)
Increase in [**REDACTED**]	–	–	6,345	–	–	–	6,345
Increase in deferred [**REDACTED**]	–	–	2,115	–	–	–	2,115
Increase in restricted bank balances	7,000	–	–	–	–	–	7,000
New lease	–	–	–	735	–	–	735
Recognition of redemption liabilities on owners' capital	–	–	–	–	–	175,344	175,344
Accretion of interest recognised during the year	–	222	–	119	137	80,966	81,444
At 31 December 2025 and 1 January 2026	7,000	–	5,781	2,508	5,003	838,999	859,291
Changes from financing cash flows	7,000	–	(3,916)	(1,381)	24,906	–	26,609
Changes from operating cash flows	–	–	(12,550)	–	–	–	(12,550)
Increase in [**REDACTED**]	–	–	11,058	–	–	–	11,058
Decrease in restricted bank balances	(7,000)	–	–	–	–	–	(7,000)
Increase in deferred [**REDACTED**]	–	–	3,353	–	–	–	3,353
New lease	–	–	–	2,419	–	–	2,419
Accretion of interest recognised during the period	–	–	–	41	109	48,239	48,389
At 30 June 2026 (audited)	7,000	–	3,726	3,587	30,018	887,238	931,569
At 31 December 2024 and 1 January 2025	–	–	–	4,233	5,005	582,689	591,927
Changes from financing cash flows	–	–	–	(1,387)	(69)	–	(1,456)
Recognition of redemption liabilities on owners' capital	–	–	–	–	–	135,178	135,178
Accretion of interest recognised during the period	–	–	–	65	64	37,107	37,236
At 30 June 2025 (Unaudited)	–	–	–	2,911	5,000	754,974	762,885

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within financing activities	2,588	2,579	1,387	1,381

29. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Acquisition of property, plant and equipment	268	169	76

30. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and the six months ended 30 June 2025.

(a) Names and relationships of the related parties

Name	Relationship with the Group
Jiangxi Shining Weimou Pharmaceutical Co., Ltd. ("江西閃亮維眸醫藥有限公司")	Associate
E-nitiate Biopharmaceuticals (Hangzhou) Co., Ltd. ("啟元生物(杭州)有限公司")	Associate
VVBI Limited	Company controlled by a director
Xia Erning ("夏爾寧")	Director of the Company

(b) Related party transactions

The Group had the following material transactions with related parties during the Relevant Period.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase of services from				
An associate	472	–	–	–
Company controlled by a director	1,103	300	–	–
Rendering of services to				
An associate	472	377	–	755
Advance of loans to				
A director	2,750	–	–	–

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Advance of borrowing from				
Company controlled by a director	–	20,000	20,000	–
Repayment of borrowing from				
Company controlled by a director	–	20,000	20,000	–
Interest income from the loan to				
A director	143	155	78	38
Interest on borrowing from				
Company controlled by a director	–	222	222	–
Repayment of loans from				
A director	–	–	–	4,250
Repayment of loans interest income from				
A director	–	–	–	389

The purchases from related parties were negotiated on an arm-length basis and in accordance with common commercial terms in the same manner as other external suppliers. The services rendered to the associate were charged based on the cost plus a certain mark-up.

(c) Outstanding balances with related parties

The Group

	Nature	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from:				
An associate	Trade	500	–	800
A director	Non-trade	4,446	4,601	–

The loan to the director of RMB4,250,000 is unsecured, bearing interest rate of 3.65% per annum and settled on demand. The amount due from the associate is unsecured, interest-free and normally settled on demand. This balance was settled in April 2026.

The Company

	Nature	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from:				
A subsidiary	Trade	6,360	6,360	6,360
Subsidiaries	Non-trade	734	720	700
An associate	Trade	500	–	800
A director	Non-trade	4,446	4,601	–
Total		12,040	11,681	7,860

	Nature	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Amounts due to:				
Subsidiaries	Non-trade	13,884	13,847	2,463
Subsidiaries	Trade	7,074	9,898	17,167
Total		20,958	23,745	19,630

The maximum amounts of the non-trade related receivables due from a director during the Relevant Periods:

		Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Amount due from:					
A director	Non-trade	4,446	4,601	4,524	–

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

(d) Compensation for key management of the Group

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	3,432	5,159	2,359	3,245
Performance related bonuses	1,720	760	510	380
Pension scheme contributions	8	58	45	18
Equity-settled share-based payments	1,019	707	474	1,288
Total	6,179	6,684	3,388	4,931

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

Financial assets

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTPL:			
Wealth management products	–	50,055	–

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVOCI:			
Debt investments at FVOCI	–	30,067	30,331
Financial assets at amortised cost:			
Financial assets included in prepayments, other receivables and other assets	4,707	4,328	810
Amounts due from related parties	4,946	4,601	800
Restricted bank balances	–	7,000	–
Cash and cash equivalents	50,783	43,577	53,051
Total	60,436	139,628	84,992

Financial liabilities

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:			
Interest-bearing bank borrowings	5,005	5,003	30,018
Financial liabilities included in trade and other payables	31,764	42,323	43,075
Redemption liabilities on owners' capital/equity shares	582,689	838,999	887,238
Total	619,458	886,325	960,331

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, financial assets included in prepayments, other receivables and other assets (in the current portion), amounts due from related parties, financial liabilities included in trade and other payables and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The Group invests in wealth management products and certificates of deposits issued by banks in the Chinese mainland. The Group has estimated the fair value of these wealth management products and certificates of deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

An analysis of the fair value measurement of financial instruments at the end of each of the Relevant Periods is as follows:

Fair value hierarchy

Financial assets at FVTPL and FVTOCI:

At 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	–	50,055	–	50,055
Debt investments at FVTOCI	–	30,067	–	30,067
Total	–	80,122	–	80,122

At 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at FVTOCI	–	30,331	–	30,331

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at FVTPL, debt investments at FVTOCI, convertible bonds and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties	4,446	–	–	500	4,946
Financial assets included in prepayments, other receivables and other assets – normal*	4,707	–	–	–	4,707
Cash and cash equivalents – not yet past due	50,783	–	–	–	50,783
Total	59,936	–	–	500	60,436

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from a related party	4,601	–	–	–	4,601
Financial assets included in prepayments, other receivables and other assets – normal*	4,328	–	–	–	4,328
Restricted bank balances - not yet past due	7,000	–	–	–	7,000
Cash and cash equivalents – not yet past due	50,577	–	–	–	50,577
Debt investments at FVTOCI	30,067	–	–	–	30,067
Total	89,573	–	–	–	89,573

At 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from a related party	–	–	–	800	800
Financial assets included in prepayments, other receivables and other assets – normal*	810	–	–	–	810
Cash and cash equivalents – not yet past due	53,051	–	–	–	53,051
Debt investments at FVTOCI	30,331	–	–	–	30,331
Total	84,192	–	–	800	84,992

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from financing activities of subsidiaries in currencies other than the subsidiaries' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD denominated financial instruments) and the Group's equity.

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2024			
If RMB weakens against USD	5	(1,057)	1,057
If RMB strengthens against USD	(5)	1,057	(1,057)
31 December 2025			
If RMB weakens against USD	5	(25)	25
If RMB strengthens against USD	(5)	25	(25)
30 June 2026			
If RMB weakens against USD	5	(2)	2
If RMB strengthens against USD	(5)	2	(2)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	As at 31 December 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	31,764	–	–	31,764
Interest-bearing bank borrowings	5,073	–	–	5,073
Redemption liabilities on owners' capital	–	852,179	–	852,179
Lease liabilities	2,518	2,670	–	5,188
Total	39,355	854,849	–	894,204

	As at 31 December 2025			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	42,323	–	–	42,323
Interest-bearing bank borrowings	5,329	–	–	5,329
Redemption liabilities on owners' capital	–	1,064,278	–	1,064,278
Lease liabilities	2,303	642	–	2,945
Total	49,955	1,064,920	–	1,114,875

	As at 30 June 2026			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	43,075	–	–	43,075
Interest-bearing bank borrowings	30,739	–	–	30,739
Redemption liabilities on owners' capital/equity shares	–	1,064,278	–	1,064,278
Lease liabilities	1,982	1,747	–	3,729
Total	75,796	1,066,025	–	1,141,821

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Relevant Periods.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries now comprising the Group in respect of any year subsequent to 30 June 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited *pro forma* statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to owners of the parent as at 30 June 2026 as if the [**REDACTED**] had taken place on that date.

The unaudited *pro forma* statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the parent had the [**REDACTED**] been completed as at 30 June 2026 or at any future date.

	Consolidated net tangible liabilities of the Group attributable to owners of the parent as at 30 June 2026	**Estimated [REDACTED] from the [REDACTED]**	**Estimated impact related to the termination of redemption right on ordinary shares upon Listing**	**Unaudited *pro forma* adjusted consolidated net tangible assets attributable to owners of the parent as at 30 June 2026**	**Unaudited *pro forma* adjusted consolidated net tangible assets attributable to owners of the parent per share as at 30 June 2026**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000 (Note 3)*	*RMB'000*	*RMB (Note 4)*	*HK$ (Note 5)*
Based on an [**REDACTED**] of [**REDACTED**] per H Share	[(842,021)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of [**REDACTED**] per H Share	[(842,021)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The consolidated net tangible liabilities of the Group attributable to owners of the parent as at 30 June 2026 is equal to the net liabilities attributable to owners of the parent as at 30 June 2026 of RMB(842,021,000) set out in the Accountants' Report in Appendix I to this document.

(2) The estimated [**REDACTED**] from the [**REDACTED**] are based on an [**REDACTED**] of [**REDACTED**] and [**REDACTED**] per H Share, being the low end and high end of the [**REDACTED**], respectively, after deduction of the [**REDACTED**] and other related expenses payable by the Company and excluding the [**REDACTED**] that have been charged to profit or loss during the Track Record Period, and does not take into account any Shares which may be issued upon the exercise of the [**REDACTED**]. The estimated [**REDACTED**] from the [**REDACTED**] are converted into RMB at an exchange rate of RMB1.00 to HK$[1.15639].

(3) For the purpose of the unaudited pro forma information, considering the estimated impact related to the termination of redemption rights on the ordinary shares upon Listing, the redemption liabilities on owners' capital amounting to RMB[**REDACTED**] will be derecognised and accordingly increase the unaudited *pro forma* adjusted consolidated net tangible assets of the Group as at 30 June 2026 by RMB[**REDACTED**].

(4) The unaudited *pro forma* adjusted consolidated net tangible assets per Share is arrived at after adjustments referred in note 3 above and on the basis of [**REDACTED**] Shares are in issue, assuming that the [**REDACTED**] has been completed on 30 June 2026 but does not take into account any Shares which may be sold pursuant to the exercise of the [**REDACTED**].

(5) For the purpose of this unaudited *pro forma* statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$[1.15639].

(6) No adjustment has been made to the unaudited *pro forma* adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2026.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

[**REDACTED**]

[**REDACTED**]

APPENDIX IIB PROFIT/LOSS ESTIMATE

[●]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws and policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, VAT, stamp duty and estate duty. Prospective investors should consult their own advisers regarding PRC, Hong Kong and other tax consequences of purchasing, owning and disposing of the H Shares.

Taxation in the PRC

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the "IIT law"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》)") signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) (the "Fifth Protocol") issued by the STA and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 latest and amended on December 6, 2024 (hereinafter collectively referred to as the "EIT Law"), a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment

or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), which was issued and implemented by the STA on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. Non-PRC resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Although there may be other provisions under the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Tax related to equity transfer income

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises.

Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), which was promulgated by the MOF and the STA and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The STA does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed companies in the newly revised EIT Law and Implementation Rules of the EIT Law. According to the Announcement of the MOF and the STA on the Catalog of Continuing Effective Preferential Individual Income Tax Policies (《財政部國家税務總局關於繼續有效的個人所得税優惠政策目錄的公告》) issued by the MOF and the STA on December 29, 2018, the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) shall continue to be effective.

Although the IIT Law and its implementation rules have not stated whether it will continue exempting individual income tax on income of individuals from transfer of listed shares, the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) ("Notice") promulgated jointly by the MOF, the STA and the CSRC on 31 December 2009 and implemented on the same day, the Notice of State Taxation Administration of the PRC on Issues Relating to Levying and Payment of Individual Income Tax on Income from Transfer of Moratorium Shares (《國家税務總局關於限售股轉讓所得個人所得税徵繳有關問題的通知》) promulgated by the STA on 18 January 2010 and effective from 18 January 2010 and the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) promulgated by the MOF, the STA and CSRC on 10 November 2010 and effective from 10 November 2010, states that individuals' income from transfer of listed shares on certain domestic stock exchanges (including Shanghai Stock Exchange and the Shenzhen Stock Exchange) shall continue being exempting from individual income tax, except for the shares subject to sales restriction. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementing regulations, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including gains from the sale of shares held by a PRC resident enterprise), if such non-resident enterprise does not have an establishment or place in the PRC, or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The income tax payable by a non-resident enterprise shall be withheld at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid to the non-resident enterprise when such payment is made or due. The tax may be reduced or exempted pursuant to the applicable tax treaty or arrangement.

Shanghai-Hong Kong Stock Connect Taxation Policy

According to the Circular on Tax Policies relating to the Pilot Program of Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》) issued by the MOF, the STA and the CSRC on October 31, 2014 and effective as of November 17, 2014, gains from the transfer price difference from investments by domestic enterprises in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect shall be included in their total revenues subject to EIT in accordance with the law. For dividends received by mainland individual investors investing in H-shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect, the H-share company shall apply to CSDC, which shall provide the H-share company with the roster of mainland individual investors, and then the H-share company shall withhold the individual income tax according to the tax rate of 20%.

According to the Announcement on Continued Implementation of Individual Income Tax Policies relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Mutual Recognition of Funds between the Mainland China and the Hong Kong Special Administrative Region (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated on August 21, 2023 and implemented on the same day, individual income tax shall be exempted on gains from the transfer price difference from investments by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect to December 31, 2027.

According to the Circular on Tax Policies relating to the Pilot Program of Shanghai-Hong Kong Stock Connect, income from dividends from investments by mainland resident enterprises in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect shall be included in their total revenue and subject to enterprise income tax in accordance with the law. Dividend income derived by mainland resident enterprises from holding H-shares continuously for 12 months is exempted from enterprise income tax in accordance with the law. The company of such H Shares will not withhold the income tax on dividends for mainland enterprise investors and those investors shall report and pay the relevant tax themselves.

Shenzhen-Hong Kong Stock Connect Taxation Policy

According to the Circular on Tax Policies relating to the Pilot Program of Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) issued by the MOF, the STA and the CSRC on November 5, 2016 and effective as of December 5, 2016, gains from the transfer price difference from investments by domestic enterprises in stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect shall be included in their total revenue and subject to EIT in accordance with the law. For dividends received by mainland individual investors investing in H-shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, the H-share company shall apply to CSDC, which shall provide the H-share company with the roster of mainland individual investors, and then the H-share company shall withhold the individual income tax according to the tax rate of 20%.

According to the Announcement on Continuing the Implementation of Individual Income Tax Policies relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Mutual Recognition of Funds between the Mainland China and the Hong Kong Special Administrative Region (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) jointly issued by the MOF, the STA, and the CSRC on December 4, 2019 and effective as of December 5, 2019 and the Announcement on Continued Implementation of Individual Income Tax Policies relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Mutual Recognition of Funds between the Mainland China and the Hong Kong Special Administrative Region (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated on August 21, 2023 and implemented on the same day, individual income tax shall be exempted on gains from the transfer price difference from investments by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect from December 5, 2019 to December 31, 2027.

According to the Circular on Tax Policies relating to the Pilot Program of Shenzhen-Hong Kong Stock Connect, income from dividends from investments by mainland enterprise investors in stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect shall be included in their total revenue and subject to enterprise income tax in accordance with the law. Dividend income derived by mainland resident enterprises from holding H-shares continuously for 12 months shall be exempted from enterprise income tax in accordance with the law. The company of such H Shares will not withhold the income tax on dividends for domestic enterprises and those enterprises shall report and pay the relevant tax themselves.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

Estate duty

According to the PRC law, no estate duty is currently levied in the mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China, within the territory of the PRC, the enterprises and other organizations (the "enterprises") that have incomes are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with this law.

Enterprises are classified into resident and non-resident enterprises. Where non-resident enterprises do not have an establishment or place in the PRC, or have an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC, they shall be subject to enterprise income tax on PRC-sourced income. The income tax payable by a non-resident enterprise shall be withheld at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid to the non-resident enterprise when such payment is made or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax by way of withholding if such gains are regarded as income derived from the transfer of property within the PRC.

VAT

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) ("VAT Law") promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, any entity or individual who sells goods, services, intangible assets, and real estate within the territory of the PRC is subject to pay VAT, the applicable VAT rates for general taxpayers are 13%, 9% and 6% respectively.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transaction documents and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Notice on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration.

According to the Guidance on Foreign Exchange Business for Capital Account (2024 Edition) (《資本項目外匯業務指引(2024年版)》), proceeds raised by domestic companies through overseas listings shall, in principle, be repatriated to China in a timely manner, either in RMB or foreign currency. The use of proceeds must be consistent with the relevant content disclosed in public documents such as prospectuses, corporate bond offering circulars, shareholders' circulars, board of directors or shareholders' meeting resolutions. Where domestic companies use proceeds raised from overseas listings to engage in activities such as outbound direct investment, overseas securities investment, or overseas lending, they must comply with the relevant foreign exchange regulations.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE which became effective on June 9, 2016, and was last amended on December 4, 2023, the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced by SAFE which became effective on December 4, 2023, and the Circular of the State Administration of Foreign Exchange on Matters Concerning Deepening the Reform of Foreign Exchange Administration for Cross-Border Investment and Financing (《國家外匯管理局關於深化跨境投融資外匯管理改革有關事宜的通知》) announced by SAFE which became effective on September 12, 2025, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being, SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the RMB funds obtained from the settlement thereof shall not directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state, shall not directly or indirectly, be used for investments in securities or other investments or wealth management unless otherwise expressly specified (excluding financial products with a risk rating no higher than level II and structured deposits), and shall not be used for the granting of loans to non-affiliated enterprises (except where it is expressly permitted in the business scope).

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, without need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for the Administration of Foreign Exchange in Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and effective on June 1, 2015, the SAFE has canceled the requirement for the foreign exchange registration approval for domestic and overseas direct investments. Instead, the banks are directly responsible for the review and handling of foreign exchange registration for domestic and overseas direct investments, and the SAFE and its branches exercise indirect supervision over foreign exchange registration for direct investment via the banks.

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III—Taxation and Foreign Exchange" to this document. The principal objective of this summary is to provide potential investors with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential investors. For more details on laws and regulations which are relevant to our business, please refer to the section headed "Regulatory Overview" in this document.

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》), which was adopted on September 20, 1954 and subsequently amended on January 17, 1975, March 5, 1978, December 4, 1982, April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the PRC Legislation Law (《中華人民共和國立法法》), which was adopted on March 15, 2000 and amended on March 15, 2015 and March 13, 2023, the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing state organs, civil, criminal and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorization of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts, autonomous prefecture may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules

enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the PRC Constitution or the PRC Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution and the PRC Legislation Law, the power to interpret laws is vested in the SCNPC. Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on 10 June 1981, issues related to the further clarification or supplement of laws should be interpreted or provided by the SCNPC, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) most recently revised on 26 October 2018 and taking effect on 1 January 2019, the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various local levels, and other special people's courts. The local people's courts at various local levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgments or rulings of the

first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) adopted on April 9, 1991 and most recently amended on September 1, 2023, which became effective from January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law of the PRC. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction regarding the level of.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognize and execute the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on 29 December 2023 and took effect on July 1, 2024;

- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five relevant guidelines (hereinafter referred to as the "Overseas Listing Trial Measures"), which were promulgated by the CSRC on February 17, 2023 pursuant to the PRC Securities Law and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

- The Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was most recently amended on March 28, 2025 by the CSRC. The Articles of Association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix V—Summary of Articles of Association" to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the company's articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or floatation. A joint stock limited company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within thirty days

of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business license has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at shareholders' meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

To offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the shareholders' meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the national enterprise credit information publicity system within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilizing the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' meeting against a resolution regarding a merger or separation;

(v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and

(vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorization by the shareholders' meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

Shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' meetings, resolutions of the board of directors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

(i) to elect and remove the directors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the company's profit distribution proposals and loss recovery proposals;

(iv) to decide on any increase or reduction of the company's registered capital;

(v) to decide on the issue of corporate bonds;

(vi) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(vii) to amend the company's articles of association; and

(viii) to exercise any other authority stipulated in the articles of association.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law, a shareholders' meeting is required to be held once every year. An extraordinary meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary meeting is convened;

(iv) the board of directors deems necessary; or

(v) any other circumstances as provided for in the articles of association.

A shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the audit committee shall convene and preside over such meeting in a timely manner. If the audit committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregately holding 10% or more of the company's shares request to convene an extraordinary meeting, the board of directors and the audit committee shall, within ten days after receipt of such request, decide whether to convene the extraordinary meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice of the shareholders' meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Pursuant to the PRC Company Law, shareholders (excluding classified shareholders) present at a shareholders' meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors at the shareholders' meeting pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors to be elected at the shareholders' meeting, and shareholders may consolidate their votes for one or more directors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the shareholders' meeting, the board of directors shall convene a shareholders' meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the shareholders' meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorization.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the board of supervisors has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' meetings and report on its work to the shareholders' meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system; and

(x) to exercise any other authority stipulated in the articles of association.

Any restrictions on the powers of the board of directors set out in the articles of association may not be claimed against any bona fide third party.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the shareholders' meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have passed since the expiration of the probation period;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order to close down; or

(v) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Audit Committee

A joint stock limited company with a smaller scale or fewer shareholders may appoint one supervisor without establishing a supervisory board to exercise the functions and powers prescribed for the supervisory board by the PRC Company Law. A joint stock limited company may, in accordance with its articles of association, instead of having set up a supervisory board or supervisors, establish an audit committee which comprises directors of the board of directors and exercises the functions and powers of the supervisory board as stipulated in the PRC Company Law. The Audit Committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the PRC Company Law.

Where a public listed company has an audit committee under the board of directors, the following matters shall be approved by more than half of all audit committee members before being approved by the board of directors:

(i) the accounting firm that hires and dismisses the company that audits the company;

(ii) appoint and dismiss the person responsible for finance;

(iii) disclosure of financial accounting reports;

(iv) other matters stipulated by the securities regulatory authority of the State Council.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Pursuant to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Managers and Other Senior Management

Directors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the company. Where the controlling shareholder or actual controller of the company who does not serve as a director but actually attends to the company's affairs, shall comply with the foregoing provisions.

Directors and management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors and senior management are prohibited from:

(i) seizing the assets of the company or misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) taking advantage of power to accept bribes or other illegal income;

(iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(v) unauthorized divulgence of confidential information of the company; and

(vi) other acts in violation of their duty of loyalty to the company.

Where directors and senior management directly or indirectly conclude any contract or engage in transactions with the company, they shall report to the board of directors or the shareholders' meeting and seek approval by resolutions of the board of directors or the shareholders' meeting in accordance with the articles of association. The requirement shall also apply to the conclusion of contracts or engagement in transactions by close relatives of the directors and senior management or enterprises directly or indirectly controlled by close relatives of the directors and senior management as well as persons who are otherwise related to the directors and senior management.

Directors and senior management shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to the company, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association or the company is unable to take the business opportunity in accordance with applicable laws, administrative regulations, and the articles of association.

Directors and senior management shall not engage in the business similar to those of the company for themselves or others, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the

information disclosed by the company is true, accurate and complete; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual shareholders' meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. Where any losses need to be covered with reserve fund of the company, discretionary reserve fund and statutory common reserve fund shall first be used and if still insufficient, capital reserve fund can be used in accordance with applicable provisions. Upon the transfer of the statutory common reserve fund into increasing capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's capital shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal,

withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a shareholders' meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

On the occurrence of the abovementioned events, the company shall make an announcement on the national enterprise credit information publicity system within ten days.

In the event of paragraphs (i) and (ii) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, the liquidation procedures shall be conducted and directors shall be the company's liquidation obligor and it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The liquidation committee shall be composed of directors or any other persons determined by a shareholders' meeting. If a liquidation committee is not established within the prescribed period or the liquidation fails to effect after the establishment of a liquidation committee, the interested party may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any outstanding tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to distribute the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment, and publish an announcement in newspapers or on the national enterprise credit information publicity system within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Merger and Division

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be in the press or on the national enterprise credit information publicity system within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

Where a company merges with another company in which the former holds not less than 90% of the shares, the acquired company is not required to obtain approval by resolution of its shareholders' meeting, but shall notify the other shareholders who have the right to request the company to buy its equities or shares as a reasonable price. If the price paid for a company's merger dose not exceed 10% of the company's net assets, approval by resolution of its shareholder's meeting may not be required unless otherwise provided by the company's articles of association. Where a company's merger is exempt from approval by resolution of the shareholders' meeting in the previous two cases, it shall be subject to approval by resolution of the board of directors.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement shall be made in the press or on the national enterprise credit information publicity system within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law (《中華人民共和國證券法》), which took effect on July 1, 1999, was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively, and came into effect on March 1, 2020, is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

On November 14, 2019, the CSRC promulgated the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), which came into effect on the same day and was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by the CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》). This guidance is to regulate the listing and circulation (hereinafter referred to as "Full Circulation") of unlisted domestic shares of domestic joint-stock limited companies (hereinafter referred to as "H-share Companies") listed on the Stock Exchange (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares issued in China after overseas listing and unlisted shares held by foreign shareholders).

H-share Companies applying for "Full Circulation" shall submit the application to the CSRC for filing procedures. H-share companies may submit the application for "Full Circulation" separately or simultaneously when applying for overseas refinancing. Unlisted domestic joint stock limited companies may submit the application for "Full Circulation" simultaneously when applying for overseas initial public offering and listing.

Arbitration and Enforcement of Arbitral Awards

The PRC Arbitration Law (《中華人民共和國仲裁法》) was enacted by the SCNPC on August 31, 1994, came into effect on September 1, 1995, and was most recently amended on September 12, 2025, with such amendment scheduled to take effect on March 1, 2026. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law of the PRC. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the Civil Procedure Law of the PRC, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement.

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court:

(i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;

(ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;

(iv) the evidence on which the award is based is forged;

(v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;

(vi) the arbitrators have committed acts of embezzlement, bribery, favoritism and malpractice, or perverting the law in arbitrating the case.

If the people's court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the SCNPC declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) were adopted by the Supreme People's Court on June 18, 1999, which went into effect on February 1, 2000. The Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) were promulgated by the Supreme People's Court on November 26, 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong, the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgment and its Enforcement

On January 25, 2024, the Supreme People's Court adopted the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which took effect on 29 January 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters

between Hong Kong and the mainland China. The arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The arrangement further regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in the Hong Kong. Upon implementation of this Arrangement, the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments of Civil and Commercial Matters under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which was adopted by the Supreme People's Court on June 3, 2006 and took effect on August 1, 2008 has been repealed.

This appendix contains the summary of the principal provisions of the Articles of Association. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important to potential investors.

SHARES

Issuance of Shares

The issuance of the Company's shares follows the principles of openness, fairness and impartiality. Each share of the same class enjoys the same rights. For shares of the same class issued at the same time, the issuance conditions and prices for each share are the same. Subscribers shall pay the same amount for each share they subscribe for. The shares issued by the Company are denominated in RMBwith equal value per share. The nominal value of each share is RMB0.1.

Increase, Decrease and Repurchase of Shares

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the shareholders' meeting, by any of the following ways:

(1) issuance of shares to unspecified parties;

(2) issuance of shares to specified parties;

(3) distribution of new shares or offering new shares to existing shareholders;

(4) conversion of capital reserve into share capital;

(5) other means as required by laws, administrative regulations, the Listing Rules, or as approved by the CSRC.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the procedures set out in the Company Law, the Listing Rules and other relevant regulations and the Articles of Association.

The Company shall not repurchase its own shares except in the following circumstances:

(1) reducing its registered capital;

(2) merger with another company which holds the shares of the Company;

(3) use of the shares for employee stock ownership plan or equity incentive;

(4) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company;

(5) conversion of shares into the convertible corporate bonds issued by the Company;

(6) being necessary for the Company to maintain its value and the equity of shareholders;

(7) any other circumstances permitted by the laws, administrative regulations, and securities regulatory rules of the place where the Company's shares are listed.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the law. Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the stock exchange. Where the Listing Rules or relevant regulations of the listing authority have other provisions governing the transfer of company shares held by shareholders of a listed company, those provisions shall prevail.

Directors and senior management of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During their term of office confirmed at the assumption of the position, the shares transferred by any of them each year shall not exceed 25% of the total shares of the same class of the Company held by them; the shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The above personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The shareholders of the Company shall be entitled to the following rights:

(1) to receive dividends and other benefit distributions in proportion to the number of shares they held;

(2) to require, convene, chair, attend or appoint a proxy to attend a shareholders' general meeting and exercise the corresponding voting rights in accordance with the laws;

(3) to supervise and manage the operations of the Company, and to put forward suggestions or raise enquiries;

(4) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, the Listing Rules and the provisions of Articles of Association;

(5) to inspect and duplicate the Articles of Association, registers of shareholders, the minutes of shareholders' general meetings, resolutions of the Board meetings and the financial accounting reports. Eligible shareholders may inspect the Company's accounting books and vouchers;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;

(7) with respect to shareholders who voted against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;

(8) any other rights stipulated in the laws, administrative regulations, departmental rules, regulatory rules where the Company's shares are listed or the Articles of Association.

If any resolution of the shareholders' general meetings or the Board violates the laws and administrative regulations, the shareholders have the right to request the people's court to invalidate the resolution. If the convening procedure and voting method of the shareholders' general meetings or the Board meetings violate laws, administrative regulations or the Articles of Association, or the contents of a resolution run counter to the Articles of Association, the shareholders have the right to request the people's court to revoke the resolution within 60 days from the date of the resolution. However, it does not apply if such procedures for shareholder' general meetings and meetings of the Board of Directors or the method of voting at such meetings have only minor flaws that have no substantial impact on the resolution. Any shareholder who fails to be notified to attend the shareholders' general meetings may, within 60 days as of the day when it knows or ought to know that the resolution of the shareholders' general meeting is made, request the people's court to revoke the resolution. If the right of revocation is not exercised within one year as of the date when the resolution is made, it shall be relinquished.

If any director or senior management other than members of the Audit Committee violates the provisions of laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the shareholder(s) severally or jointly holding more than 1% of the Company's shares for more than 180 consecutive days shall have the right to submit a written request to the Audit Committee to institute legal proceedings to the people's court; if the members of the Audit Committee violates the laws, administrative

regulations or the Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the aforementioned shareholders shall have the right to request the Board in writing to institute legal proceedings to the people's court.

Upon receipt of shareholders' written request as stipulated in the preceding paragraph, if the Audit Committee or the Board of Directors refuses to file a lawsuit or fails to file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders as stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the Company. Where the directors, supervisors or senior management of a wholly-owned subsidiary of the Company are involved in any of the circumstances prescribed in the preceding Article, or any other person infringes upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and resulted in damages, the shareholders holding more than 1% of the shares of the Company individually or in aggregate for over 180 consecutive days may, in accordance with the provisions of the preceding three paragraphs of this Article, submit a written request to the supervisory committee or the board of directors of the wholly-owned subsidiary to file a lawsuit with the people's court or directly file a lawsuit with the people's court in their own name.

The shareholders of the Company shall undertake the following obligations:

(1) to abide by laws, administrative regulations, and the Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(3) not to withdraw from the shares unless otherwise stipulated by the laws and regulations;

(4) not to abuse shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the Company's position as an independent legal person and the limited liability of shareholders to harm the interests of the creditors of the Company;

(5) to undertake other obligations stipulated in the laws, administrative regulations, regulatory rules where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law; where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly liable for the debts owed by the Company.

General Provisions of Shareholders' Meeting

The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

(1) to elect and replace directors and to determine matters relating to the remuneration of the directors;

(2) to consider and approve the reports of the Board of Directors;

(3) to consider and approve the Company's profit distribution plan and plan for recovery of losses;

(4) to make resolutions on increase or reduction of the Company's registered capital;

(5) to make resolutions on the issuance of corporate bonds;

(6) to make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;

(7) to amend the Articles of Association;

(8) to make resolutions on the hiring, dismissal, and not being rehired of the Company's accounting firm;

(9) to consider and approve the matters of guarantee stipulated in the Articles of Association;

(10) to consider and approve the matters in relation to purchase or sale of major assets by the Company with the amount exceeding 30% of the Company's latest audited total assets within twelve months;

(11) to consider equity incentive schemes and employee stock ownership plan;

(12) to consider and approve the matters relating to the Company's repurchase of its shares that are required by laws, regulations and the Articles of Association to be considered by the shareholders' meeting;

(13) to consider other matters which, in accordance with the laws, administrative regulations, departmental rules, the Listing Rules or the Articles of Association, shall be approved by the shareholders' general meetings.

The following external guarantees provided by the Company shall be submitted to the shareholders' meeting for review after being considered and approved by the Board:

(1) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets of the Company;

(2) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 30% of the latest audited total assets;

(3) any guarantee by the Company to others within a consecutive twelve-month period with guaranteed amount in excess of 30% of the latest audited total assets of the Company;

(4) any guarantee to be provided to a recipient of such security whose debt-to-asset ratio is over 70%;

(5) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

(6) any guarantee provided to shareholders and their connected parties;

(7) any other guarantees to be reviewed by the shareholders' meeting as required by relevant laws, administrative regulations, departmental rules, regulatory rules where the Company's shares are listed or the Articles of Association.

The shareholders' meetings consist of annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within six months from the previous fiscal year end.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence:

(1) when the number of directors is less than the minimum number stipulated in Company Law or two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;

(3) when any shareholder holding more than 10% of the Company's shares individually or collectively makes a request;

(4) when deemed necessary by the Board of Directors;

(5) when proposed by the Audit Committee;

(6) any other circumstances stipulated in the laws, administrative regulations, departmental rules, or the Articles of Association.

Convening of Shareholders' General Meetings

For a shareholders' general meeting convened by the Audit Committee or shareholders on its/their own initiative, the Board of Directors shall provide cooperation.

Proposals and Notices of Shareholders' General Meetings

The content of proposals shall fall within the functions and powers of the shareholders' general meetings, have clear subject for discussion and specific matters to be resolved and comply with relevant requirements of the laws, administrative regulations, and the Articles of Association.

Holding of Shareholders' General Meetings

The Company's Board and other conveners shall take necessary measures to ensure the normal order of the shareholders' general meetings. Measures shall also be adopted to stop any acts from interfering with the shareholders' general meeting, creating quarrels and nuisance as well as infringing the lawful interests of the shareholders while timely report of the same shall also be made to the relevant authority for investigation.

All shareholders of the Company or their proxies registered on the equity registration date shall have the right to attend the shareholders' general meeting and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association.

A shareholders' meeting shall be chaired by the chairman of the Board of Directors. In the event that the chairman is unable or fails to perform his/her duties, a director jointly nominated by more than half of the directors shall preside over the meeting.

The shareholders may attend shareholders' meetings in person and appoint one or several proxies to attend and vote on their behalf.

The shareholders' meetings shall have minutes, which shall be recorded by the Board of Directors. The minutes of the meeting shall contain the following information:

(1) the date, venue and agenda of the meeting, and the name of the convener;

(2) the name of the presider of the meeting, and the directors, the general managers and other senior management personnel attending or present at the meeting;

(3) the number of shareholders and their proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of shares of the Company;

(4) the consideration process of each proposal, summaries of the speeches and the voting results;

(5) details of the inquiries or recommendations of the shareholders, and the corresponding responses or explanations;

(6) the names of the counter and the scrutineer;

(7) other contents that should be recorded in the minutes as provided in the Articles of Association.

The directors attending the meeting, the convener or representative thereof, and the presider of the meeting shall sign the minutes of the meeting, and shall ensure that the contents of the minutes are true, accurate and complete. The minutes of meeting shall be kept for a term of not less than 10 years together with the book of signatures of the shareholders attending the meeting, the power of attorney of the attending proxies, the valid information on voting by internet and other methods.

Voting and Resolutions of Shareholders' Meetings

Resolutions of shareholders' general meeting shall consist of ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting.

Special resolutions of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

The following matters shall be approved by ordinary resolutions at a shareholders' meeting:

(1) work reports of the Board of Directors;

(2) plans for profit distribution and recovery of losses formulated by the Board of Directors;

(3) election, replacement and dismissal of directors and decision on matters relating to the remuneration of the directors;

(4) any matters other than those required to be approved by special resolution by the laws, administrative regulations, regulatory rules where the Company's shares are listed or the Articles of Association.

The following matters shall be approved by special resolutions at a shareholders' general meeting:

(1) increase or reduction of the registered capital;

(2) demerger, merger, changes of corporate form, dissolution and liquidation of the Company;

(3) amendment to the Articles of Association;

(4) purchase or disposal of material assets or provision of guarantee by the Company within the consecutive twelve months with the transaction amount exceeding 30% of the Company's latest audited total assets;

(5) consideration and approval of equity incentive plan and employee stock ownership plan;

(6) any other matters prescribed by the laws, administrative regulations, or the Articles of Association, and other matters that are confirmed by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution.

Resolutions in respect of the election of directors at a shareholders' meeting may be passed by way of cumulative voting according to the provisions of the Articles of Association or the resolutions of the shareholders' meetings.

The cumulative voting system means that when directors are being elected at a shareholders' meeting, each share has as many voting rights as the candidates for directors, and the shareholders' voting rights may be used in a concentrated manner. The Board of Directors shall disclose to the shareholders the resumes and basic information of the candidates.

Except for the cumulative voting system, the shareholders' meeting shall vote on all proposals one by one. If there are different proposals on the same matter, the voting shall be carried out in the order in which the proposals were submitted.

BOARD OF DIRECTORS

Directors

A director of the Company shall be a natural person. Any person involved in any of the following circumstances shall not serve as director of the Company:

(1) a person without or with limited capacity for civil conduct;

(2) a person who has been sentenced to any criminal penalty for corruption, bribery, infringement of property, misappropriation of property or disrupting the economic order of the socialist market, where less than 5 years have elapsed since the completion of the enforcement of the penalty, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the completion of the enforcement of the penalty, or who has been declared to be under suspension of sentence, where less than 2 years have elapsed since the end of the period of suspension of sentence;

(3) a person who is a former director, factory manager or manager of a bankrupt and liquidated company or enterprise whereby such person is personally liable for the bankruptcy of such company or enterprise, and where less than 3 years have elapsed since the date of completion of the bankruptcy and liquidation of such company or enterprise;

(4) a person who is a former legal representative of a company or enterprise, whose business license was revoked or which was ordered to close down due to violation of law and who is personally liable for such violation, where less than 3 years have elapsed since the date of the revocation of business license or the making of the order to close down of such company or enterprise;

(5) a person who has been listed as a dishonest person by the people's court due to having a relatively large amount of debts which have become overdue;

(6) a person who is banned from entering the securities market or deemed inappropriate to take the post of director by the CSRC, where the term of punishment or judgment has not yet expired;

(7) any other circumstances as provided by the laws, administrative regulations, department rules.

Where the election, appointment of directors violates the provisions of the Articles of Association, the election, appointment or engagement shall be invalid. Where directors fall under the circumstances referred to in this Article during his/her tenure, the Company shall terminate his/her appointment.

Directors shall be elected or replaced at the shareholders' general meetings for a term of three years. Upon maturity of the term of office, a director shall be eligible for re-election and re-appointment.

Directors shall owe the following fiduciary duties to the Company:

(1) not to misappropriate the Company's property or embezzle the Company's funds;

(2) not to deposit the Company's assets or funds into accounts opened in their own name or in the name of any other individuals;

(3) not to use their functions and powers to accept bribes or other unlawful income;

(4) not to directly or indirectly enter into contracts or conduct transactions with the Company if such matter is not reported to the Board or the shareholders' meeting and approved by a resolution of the Board or the shareholders' meeting in accordance with the provisions of the Articles of Association;

(5) not to use their position to seek business opportunities belonging to the Company for themselves or for others, except where such matter has been reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or where the Company is unable to take advantage of such business opportunities in accordance with laws, administrative regulations or the Articles of Association;

(6) not to engage in or operate on behalf of others any business of the same kind as that of the Company, unless such activity has been reported to the Board or the shareholders' meeting and has been approved by a resolution of the shareholders' meeting;

(7) not to accept commissions from transactions between others and the Company for personal gains;

(8) not to disclose the Company's secrets without authorization;

(9) not to take advantage of their connected relationship to damage the interests of the Company;

(10) other fiduciary duties stipulated in laws, administrative regulations, departmental rules, and the Articles of Association.

Any income obtained by a director in violation of the provisions of this Article shall belong to the Company; if such violation causes losses to the Company, the director shall be liable for compensation. The provisions of item (4) of the preceding paragraph shall apply to contracts or transactions between any close relatives of directors or senior management, enterprises directly or indirectly controlled by directors, senior management or their respective close relatives, and connected persons who have other connected relationships with directors or senior management and the Company.

Directors shall comply with laws, administrative regulations and the Articles of Association, owe a duty of diligence to the Company and perform their duties with a reasonable degree of care that a manager should have normally for the best interests of the Company.

Directors shall owe the following diligence duties to the Company:

(1) to exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's business activities comply with the national laws, administrative regulations and requirements of national economic policies and that such business activities do not exceed the scope of business as specified in the business license;

(2) to treat all shareholders fairly;

(3) to understand the business operation and management of the Company in a timely manner;

(4) to sign written confirmation opinions on the Company's regular reports;

(5) to truthfully provide relevant information and materials to the Audit Committee, and not to obstruct the Audit Committee from exercising its powers;

(6) other diligence duties as stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

Board of Directors

The Company shall have a Board, which is composed of 7 directors, and shall have one chairman of the Board, who shall be elected by more than half of all directors of the Company, and three independent non-executive directors.

The Board shall exercise the following functions and powers:

(1) to convene shareholders' meetings, and submit work reports to the shareholders' meeting;

(2) to implement the resolutions of shareholders' meetings;

(3) to resolve on the Company's annual and quarterly business plans, investment plans, operating budgets, and strategic plans;

(4) to formulate the Company's profit distribution plans and loss recovery plans;

(5) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plans;

(6) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change in corporate form;

(7) to decide, within the scope of the authorization delegated by the shareholders' meeting, on the Company's external investments, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted financial management, connected party transactions and charitable donation etc.;

(8) to decide on the establishment of the Company's internal management organizations;

(9) to decide on the appointment or dismissal of the general manager and other senior management members of the Company, and to decide on their remunerations, incentives and penalties; to decide on the appointment or dismissal of senior management members such as chief financial officer of the Company based on the nominations by the general manager, and to decide on their remunerations, incentives and penalties;

(10) to formulate the basic management system of the Company;

(11) to formulate the proposals for amendments to the Articles of Association;

(12) to make a material change to accounting methods or policies, or appoint or replace the Company's auditor (referring to a certified public accounting firm registered in China and approved by the board of directors);

(13) to listen to work reports of the general manager of the Company and inspect his/her work;

(14) other functions and powers granted by laws, administrative regulations, departmental rules, regulatory rules where the Company's shares are listed or the Articles of Association.

The chairman of the Board shall exercise the following functions and powers:

(1) to preside over shareholders' meetings and convene and preside over meetings of the Board;

(2) to supervise and inspect the implementation of the resolutions of the Board;

(3) other functions and powers granted by the Board, laws, administrative regulations, or regulatory rules where the Company's shares are listed.

Board meetings consist of regular meetings and *ad hoc* meetings. The Board shall hold at least two meetings each year, convened by the chairman of the Board. Regular Board meetings shall be notified to all directors in writing 10 days prior to the meeting. For *ad hoc* meetings convened by the Board, written notice shall be given to all directors 3 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the Audit Committee may propose to convene an *ad hoc* meeting of the Board. The chairman of the Board shall convene and preside over the Board meeting within 10 days after receipt of the proposal.

A Board meeting shall be held only when more than half of the directors are present. Resolutions of the Board shall be passed by a majority vote of all directors. Each director shall have one vote on Board resolutions.

If directors are connected to the enterprises involved in the matters resolved at the Board meeting, such directors shall promptly report in writing to the Board. The directors with connected relationship shall not exercise voting rights on the resolution, nor shall they exercise voting rights on behalf of other directors. The Board meeting may be held if more than half of the directors with no connected relationship are present, and resolutions made at the Board meeting shall be passed by more than half of the directors with no connected relationship. If the number of directors with no connected relationship present at the Board meeting is less than 3, the matter shall be submitted to the shareholders' meeting for review.

Special Committees of the Board

The Board of the Company shall establish an Audit Committee to exercise the functions and powers of the board of supervisors as stipulated in the Company Law.

The Audit Committee consists of three members, including independent non-executive directors who are not senior management members of the Company, among whom there are two independent non-executive directors. The chairman of the Audit Committee shall be an accounting professional among the independent non-executive directors.

The Audit Committee shall be responsible for reviewing the financial information and disclosure of the Company, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board for review after being approved by more than half of all members of the Audit Committee:

(1) to disclose financial information in financial accounting reports and periodical reports and internal control evaluation reports;

(2) to engage or dismiss accounting firms which provide audit services to the Company;

(3) to appoint or dismiss the chief financial officer of the Company;

(4) to make changes in accounting policies and accounting estimates or corrections of major accounting errors due to reasons other than changes in accounting standards;

(5) other matters stipulated by laws, administrative regulations, the Listing Rules and the Articles of Association.

The Audit Committee shall convene a meeting at least once every quarter, and may convene an extraordinary meeting when two or more members propose to convene the meeting or the chairman deems it necessary. A meeting of the Audit Committee shall be held only when more than two-thirds of the members of the Audit Committee are present.

Resolutions of the Audit Committee shall be passed by a majority vote of the members of the Audit Committee. Any voting on resolutions of the Audit Committee shall be conducted on a one-person-one-vote basis. Any minutes of the meeting for the resolutions of the Audit Committee shall be prepared in accordance with regulations, and the members of the Audit Committee present at the meeting shall sign the minutes of the meeting. Any working procedures of the Audit Committee shall be formulated by the Board.

General Manager and Other Senior Management Members

The Company shall appoint one general manager and one chief financial officer. The general manager, chief financial officer, chief medical officer, chief technology officer, and other managerial personnel confirmed by the board of directors through deliberation constitute the company's senior management Members.

The general manager shall serve for a term of three years, and may be re-elected and re-appointed upon the expiration of his/her term of office.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, and regulations of relevant national departments.

The Company shall not set up separate accounting books other than its statutory accounting books. No assets of the Company shall be deposited into any account opened in the name of any individual.

Profit Distribution

When distributing the current year's after-tax profits, the Company shall set aside 10% of its profits for the Company's statutory common reserve fund. Where the cumulative amount of the statutory common reserve fund of the Company has reached not less than 50% of the Company's registered capital, it may no longer be allocated. When the Company's statutory common reserve fund is not sufficient to make up for the Company's losses for the previous years, the current year's profits shall first be used to make up for the losses before any allocation is set aside for the statutory common reserve fund in accordance with the preceding paragraph.

After the Company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund.

After the Company has made up for its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed in accordance with the profit distribution plan considered and approved at the shareholders' meeting.

Where the shareholders' meeting distributes profits to shareholders in violation of the provisions of the Company Law and the Articles of Association, shareholders shall refund to the Company the profits distributed in violation of the provisions; if any losses are caused to the Company, shareholders and responsible directors and senior management shall be liable for compensation.

No profits shall be distributed in respect of the shares of the Company which are held by the Company.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with securities law to perform services such as the audit of financial statements, verification of net assets and other related consulting services. The engagement term is one year and may be renewed.

The appointment or dismissal of the accounting firm shall be decided by the shareholders' meeting. The Board shall not appoint an accounting firm before the shareholders' meeting makes a decision.

The Company shall guarantee that any accounting vouchers, accounting books, financial accounting reports and other accounting information provided to the accounting firm engaged are true and complete, and that it shall not refuse or withhold any such information or provide any false information.

Any audit fees of the accounting firm shall be determined by the shareholders' meeting. The Company shall notify the accounting firm 15 days in advance when dismissing or ceasing to renew the appointment of the accounting firm. The accounting firm shall be allowed to state its opinions when the shareholders' meeting of the Company votes on dismissing the accounting firm. Where the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any irregularities in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company. In the case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In the case of merger by establishment of a new company, two or more companies merge into a new one and the parties to the merger are dissolved.

Where the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and a balance sheet and an inventory of assets shall be prepared.

When the Company is merged, the claims and debts of each party to the merger shall be inherited by the surviving company or the newly established company after the merger. Where there is a division of the Company, its assets shall be divided accordingly.

Where the Company needs to reduce its registered capital, a balance sheet and an inventory of assets shall be prepared.

When the Company reduces its registered capital, it shall correspondingly reduce its capital contributions or shares based on the capital reduction plan made in accordance with the resolution of the shareholders' meeting.

Where a merger or division of the Company results in any changes in the registered items, such changes shall be registered with the company registration authority in accordance with the law. Where the Company is dissolved, cancelation of the Company's registration shall be applied for in accordance with the law. Where a new company is established, the registration of such company's establishment shall be applied for in accordance with the law. Where the Company increases or reduces its registered capital, it shall apply for the registration of change with the company registration authority in accordance with the law.

Dissolution And Liquidation

In any of the following circumstances, the Company shall be dissolved and liquidated in accordance with the law:

(1) the business term stipulated in the Articles of Association expires, or any other cause for dissolution prescribed herein arises;

(2) the shareholders' meeting resolves to dissolve the Company;

(3) dissolution is necessary due to merger or division of the Company;

(4) the Company has had its business license revoked or has been ordered to close down or canceled in accordance with the law;

(5) where the Company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of shareholders if the Company continues its existence and the situation cannot be resolved by other means, the Company is dissolved by a people's court in response to the request of shareholders who hold 10% or more of the voting rights of the Company.

If any of the circumstances where the Company is dissolved as stipulated in the preceding paragraph occurs, the circumstance leading to the liquidation shall be announced through the National Enterprise Credit Information Publicity System within 10 days. If the Company is

dissolved due to the provisions of items (1), (2), (4) and (5) of the preceding paragraph, a liquidation group shall be established within 15 days from the date of occurrence of the circumstance leading to the liquidation to commence liquidation.

The liquidation group shall notify creditors within 10 days after its establishment, and shall, within 60 days, publish an announcement on a newspaper or the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days from the receipt of the notice or, if they do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation group.

After sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, if the liquidation group discovers that the assets of the Company are insufficient to repay its debts, it shall apply to the people's court for bankruptcy and liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall hand over the liquidation affairs to the bankruptcy administrator designated by the people's court.

Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with relevant laws concerning enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(1) after amendments have been made to the Company Law or relevant laws, administrative regulations, and other regulatory rules of the place where the shares of the Company are listed, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations;

(2) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(3) the shareholders' meeting decides to amend the Articles of Association.

Any amendments to the Articles of Association approved by the resolution of the shareholders' meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If such amendments involve the registered items of the Company, an application shall be made for the registration of change in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of Our Company

Our Company was established as a limited liability company in the PRC on September 22, 2016 and was converted to a joint stock company with limited liability under the laws of the PRC with effect from January 30, 2026. As of the Latest Practicable Date, the registered capital of our Company was RMB28,824,452 divided into 288,244,520 Unlisted Shares with a nominal value of RMB0.10 each.

Our Company has established a principal place of business at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 26, 2026. Ms. Chan Ching Nga (陳靜雅), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V—Summary of Articles of Association" to this document.

2. Changes in the Share Capital of Our Company

As of the date of the establishment of our Company, our registered capital was RMB10,000,000. On January 30, 2026, our Company was converted into a joint stock company with limited liability under the laws of the PRC. Upon completion of such conversion, the registered capital of our Company was RMB28,824,452 divided into 288,244,520 Unlisted Shares with a nominal value of RMB0.10 each.

Save as disclosed in "History, Development and Corporate Structure", there has been no other alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries is set out in "History, Development and Corporate Structure—Our Principal Subsidiaries" and Note 1 to the Accountants' Report as set out in Appendix I to this document.

On April 24, 2026, VivaVision Guangzhou was established as a limited company in the PRC with an initial registered capital of RMB5,000,000, and is a wholly-owned subsidiary of our Company.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of our Company within two years immediately preceding the date of this document.

4. Restriction of Share Repurchase

For details of the restrictions on the share repurchase by our Company, see "Appendix V—Summary of Articles of Association" to this document.

5. Resolutions of Our Shareholders

At the extraordinary general meeting of our Company held on February 10, 2026, among other things, our Shareholders had resolved that:

(a) the issue of H Shares with a nominal value of RMB0.1 each shall be approved and such H Shares shall be listed on the Stock Exchange;

(b) the number of H Shares to be issued shall be no more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**] before the exercise of the [**REDACTED**];

(c) subject to the filing with CSRC is completed, upon completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, provided that, the number of Shares to be issued or sold shall not exceed 20% of the number of the Shares in issue as at the date of Listing;

(e) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the Listing Date; and

(f) our Board and/or its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the [**REDACTED**], the issue of H Shares and the Listing.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) the investment agreement dated November 29, 2024 entered into between the Company, Dr. Shen Wang (沈旺), Huzhou Xiulai Business Consulting Partnership (Limited Partnership) (湖州修睐商務諮詢合夥企業(有限合夥)), Wenzhou Renze Zhenhe Equity Investment Partnership Enterprise (Limited Partnership) (溫州仁澤真和股權投資合夥企業(有限合夥)) and The Innovation and Technology Venture Fund Corporation, pursuant to which Wenzhou Renze Zhenhe Equity Investment Partnership Enterprise (Limited Partnership) agreed to subscribe for increased registered capital of our Company of RMB78,957 at the consideration of RMB5 million and The Innovation and Technology Venture Fund Corporation agreed to subscribe for increased registered capital of our Company of RMB157,914 at the consideration of RMB10 million;

(b) the investment agreement dated June 25, 2025 entered into between the Company, Dr. Shen Wang (沈旺), Huzhou Xiulai Business Consulting Partnership (Limited Partnership), Wenzhou Ouhai Xiangtou V-Capital Equity Investment Partnership Enterprise (Limited Partnership) (溫州甌海湘投一村股權投資合夥企業(有限合夥)), Zhejiang Yueke Xingwen Innovation and Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (浙江粵科興溫創新創業投資合夥企業(有限合夥)) and Tibet Longpan SME Development Fund Equity Investment Partnership (Limited Partnership) (西藏龍磐中小企業發展基金股權投資合夥企業(有限合夥)), pursuant to which (i) Wenzhou Ouhai Xiangtou V-Capital Equity Investment Partnership Enterprise (Limited Partnership) agreed to subscribe for increased registered capital of our Company of RMB947,482 at the consideration of RMB60 million; (ii) Zhejiang Yueke Xingwen Innovation and Entrepreneurship Investment Partnership Enterprise (Limited Partnership) agreed to subscribe for increased registered capital of our Company of RMB473,741 at the consideration of RMB30 million; and (iii) Tibet Longpan SME Development Fund Equity Investment Partnership (Limited Partnership) agreed to subscribe for increased registered capital of our Company of RMB473,741 at the consideration of RMB30 million;

(c) the investment agreement dated November 14, 2025 entered into between the Company, Dr. Shen Wang (沈旺), Huzhou Xiulai Business Consulting Partnership (Limited Partnership), Guangzhou Kechuang Zhihui No. 4 Venture Capital

Partnership Enterprise (Limited Partnership) (廣州科創智匯四號創業投資合夥企業(有限合夥)) and Wenzhou Gongchuang Runmou Enterprise Management Consulting Partnership (Limited Partnership) (溫州市工創潤眸企業管理諮詢合夥企業(有限合夥)), pursuant to which (i) Guangzhou Kechuang Zhihui No. 4 Venture Capital Partnership Enterprise (Limited Partnership) agreed to subscribe for increased registered capital of our Company of RMB473,741 at the consideration of RMB30 million; and (ii) Wenzhou Gongchuang Runmou Enterprise Management Consulting Partnership (Limited Partnership) agreed to subscribe for increased registered capital of our Company of RMB157,914 at the consideration of RMB10 million;

(d) the shareholders' agreement dated November 14, 2025 entered into between our Company and the then shareholders of our Company, pursuant to which certain shareholders' rights and obligations were agreed among the parties thereto;

(e) a convertible bond agreement dated December 18, 2025 entered into between the Company and Wanlian Guangsheng Investment Co., Ltd. (萬聯廣生投資有限公司), pursuant to which Wanlian Guangsheng Investment Co., Ltd. agreed to provide a convertible loan to the Company in the principal amount of RMB7,000,000;

(f) the termination agreement of the shareholders' special rights dated February 10, 2026 entered into among the Company, WANG SHEN, Huzhou Xiulai Business Consulting Partnership (Limited Partnership) (湖州修睐商務諮詢合夥企業(有限合夥)), Magic Honor Holdings Limited, Weixuchen (Shanghai) Entrepreneurship Incubator Limited (維旭晨(上海)創業孵化器有限公司), Hangzhou Morning Spring Feihong Venture Capital Partnership Enterprise (Limited Partnership) (杭州曉池飛鴻創業投資合夥企業(有限合夥)), Hangzhou Qiandai Investment Management Partnership Enterprise (Limited Partnership) (杭州千岱投資管理合夥企業(有限合夥)), Xiamen Changchong No. 1 Investment Partnership Enterprise (Limited Partnership) (廈門長翀壹號投資合夥企業(有限合夥)), Beijing Longpan Health Medical Investment Center (L.P.) (北京龍磐健康醫療投資中心(有限合夥)), Hangzhou Beixin Venture Capital Partnership Enterprise (Limited Partnership) (杭州貝欣創業投資合夥企業(有限合夥)), Jingjiang Yingqi Investment Center (Limited Partnership) (靖江贏騏投資中心(有限合夥)), Suzhou Juming ZhongHong Fangren Venture Capital Partnership (L.P.) (蘇州聚明中泓方仁創業投資合夥企業(有限合夥)), Shanghai Weiqiandai Asset Management Partnership Enterprise (Limited Partnership) (上海維千岱資產管理合夥企業(有限合夥)), CR Biotech XI L.P., VVBI One Limited, Shenzhen Huawei Health Industry Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (深圳市華維健康產業創業投資合夥企業(有限合夥)), HSG Venture VIII Holdco K, Ltd., WELL ASPIRATIONS LIMITED, Suzhou Cenova Zekang Investment Center (Limited Partnership) (蘇州千驥澤康投資中心(有限合夥)), Shanghai Cenova Kangze Investment Center (Limited Partnership) (上海千驥康澤投資中心(有限合夥)), Yantai GTJA Huike Venture Capital Partnership Enterprise (Limited Partnership) (煙台高特佳匯科創業投資合夥企業(有限合夥)), Huzhou Weiyuan Enterprise Management Partnership (Limited Partnership) (湖州維遠企業管理合夥企業(有限合夥)), Shanghai Zhangjiang Torch Venture Investment Co., Ltd. (上海張江火炬創業投資有限公司), Ningbo CFS Venture Capital Partnership Enterprise (Limited Partnership) (寧波金策創業投資合夥企業(有限合夥)), Hangzhou Beiyi Equity Investment Fund Partnership Enterprise (Limited Partnership) (杭州貝奕股權投資基金合夥企業(有限合夥)), FENGHE VVB PTE. LTD., Xiamen Changrong Xuanhe Equity Investment Partnership Enterprise (Limited Partnership) (廈門長融烜赫股權投資合夥企業(有限合夥)), Yueshang (Jiaxing) Equity Investment Partnership (Limited Partnership) (越商(嘉興)股權投資合夥企業(有限合夥)), Yangzhou Shengze Equity Investment Partnership Enterprise (Limited Partnership) (揚州笙澤股權投資合夥企業(有限合夥)), Jiaxing Shengmou Equity Investment Partnership (Limited Partnership) (嘉興盛眸股權投資合夥企業(有限合夥)), Wenzhou Renze Zhenhe Equity Investment Partnership Enterprise (Limited Partnership) (溫州仁澤真和股權投資合夥企業(有限合夥)), Wenzhou V-Capital Medical and Health Industry Investment Partnership Enterprise (Limited Partnership) (溫州一村醫療健康產業投資合夥企業(有限合夥)), The Innovation and Technology Venture Fund Corporation, Zhejiang Yueke Xingwen Innovation and Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (浙江粵科興溫創新創業投資合夥企業(有限合夥)), Wenzhou Ouhai Xiangtou V-Capital Equity Investment Partnership Enterprise (Limited Partnership) (溫州甌海湘投一村

股權投資合夥企業(有限合夥)), Tibet Longpan SME Development Fund Equity Investment Partnership (Limited Partnership) (西藏龍磐中小企業發展基金股權投資合夥企業(有限合夥)), Guangzhou Kechuang Zhihui No. 4 Venture Capital Partnership (Limited Partnership) (廣州科創智匯四號創業投資合夥企業(有限合夥)), Wenzhou Gongchuang Runmou Enterprise Management Consulting Partnership (Limited Partnership) (溫州市工創潤眸企業管理諮詢合夥企業(有限合夥)) and Wanlian Guangsheng Investment Co., Ltd. (萬聯廣生投資有限公司), pursuant to which the termination and reinstatement of shareholders' special rights were agreed among the aforementioned parties; and

(g) [**REDACTED**]

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Date of Expiry
1. . .		42	Our Company	PRC	53666790	2031/12/06
2. . .	VIVAVISION	42	Our Company	PRC	53667895	2031/09/13
3 . .		5,10,42	Our Company	Hong Kong	307133986	2035/12/18
4 . .	VIVAVISION VIVAVISION	5,10,42	Our Company	Hong Kong	307133995	2035/12/18

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Registered Owner	Place of Registration	Patent Number	Date of Application	Date of Expiry
1.. . .	Phosphorus-containing compound and preparation and use thereof (一種含磷化合物及其製備和應用)	Invention	Our Company	PRC	ZL201810291023.0	2018/04/03	2038/04/02
2.. . .	An immune cell migration inhibitor (一種免疫細胞遷徙抑制劑)	Invention	Our Company	PRC	ZL201711050899.8	2017/10/31	2037/10/30
3.. . .	A compound containing a five-membered ring and its preparation and applications (一種含五元環的化合物及其製備和應用)	Invention	Our Company	PRC	ZL201810455868.9	2018/05/14	2038/05/13

As of the Latest Practicable Date, we had applied for the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Applicant	Place of Application	Application Number	Date of Application
1. .	A VVN001-CONTAINING OPHTHALMIC COMPOSITION (一種含VVN001的眼科組合物)	Invention	Our Company	PRC	202310476403.2	2023/04/27
				United States	18/718,308	2023/05/25
				Europe	23887181.8	2023/05/25
				Japan	2023-560923	2023/05/25
				Korea	10-2024-7022421	2023/05/25
				Canada	3,238,321	2023/05/25
				Singapore	11202402955W	2023/05/25
				Hong Kong	42024101206.1	2024/12/20
				Israel	312531	2023/05/25
2. .	OPHTHALMIC COMPOSITION FOR TREATING NON-INFECTIOUS INFLAMMATORY DISEASES (一種用於治療非感染性炎症疾病的眼科組合物)	Invention	Our Company	PRC	202310484101.X	2023/04/28
				United States	18/693,334	2023/05/25
				Europe	23848463.8	2023/05/25
				Japan	2024-508982	2023/05/25
				Korea	10-2024-7024066	2023/05/25
				Canada	3,231,266	2023/05/25
				Australia	2023316921	2023/05/25
				Singapore	11202400923R	2023/05/25
				Hong Kong	42024101316.8	2024/12/24
				Israel	310946	2023/05/25
				Brazil	BR112025023419-6	2023/05/25
				India	202527103481	2023/05/25
				South Africa	2025/09504	2023/05/25
				Eurasian Patent Organization	202593048	2023/05/25
3. .	JAK inhibitors for treating inflammatory eye conditions	Invention	Our Company	International (WIPO)	PCT/CN2025/128136	2025/10/16
4. .	A derivative of a JAK inhibitor (一種JAK抑制劑的衍生物)	Invention	Our Company	PRC	202510167836.9	2025/02/14
				World Intellectual Property Organization	PCT/CN2025/077333	2025/02/14
				Taiwan	115104259	2026/02/03
5. .	INTRANASAL PHARMACEUTICAL COMPOSITIONS COMPRISING A JAK INHIBITOR FOR INFLAMMATORY UPPER RESPIRATORY DISEASE	Invention	Our Company	World Intellectual Property Organization	PCT/CN2026/086464	2026/03/27
6. .	PRESERVATIVE-FREE OPHTHALMIC COMPOSITIONS COMPRISING A TRICYCLIC JAK INHIBITOR AND THERAPEUTIC APPLICATIONS	Invention	Our Company	World Intellectual Property Organization	PCT/CN2026/096327	2026/05/12

(c) Domain name

As of the Latest Practicable Date, our Group had registered the following domain name which we consider to be or may be material to our business:

No.	Domain name	Registered Owner	Date of Registration	Date of Expiry
1.. . .	vivavisionbio.com	Our Company	2018/12/05	2026/12/05

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Directors and the chief executive of our Company

As of the Latest Practicable Date, so far as our Directors are aware, Jiangxi Shining Weimou Pharmaceutical Co., Ltd. (江西閃亮維眸醫藥有限公司) is held as to 25.00% by our Company and approximately 15.00% by Shanghai Zhitong Jiurui Enterprise Management Partnership (Limited Partnership) (上海致同久瑞企業管理合夥企業(有限合夥)), which is held as to 40% by Dr. Xia Erning, our executive Director and chief technology officer, as its limited partner.

Save as disclosed above and in the section headed "Substantial Shareholders" in this document, immediately following the completion of the [**REDACTED**] and conversion of Unlisted Shares into H Shares, so far as our Directors are aware, none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to our Company and the Stock Exchange once the H Shares are listed.

(b) Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying voting rights in all circumstances at general meetings of our Company, see "Substantial Shareholders" for details.

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any persons (other than our Directors and chief executive) who will, immediately following the completion of the [**REDACTED**], have or be deemed or taken to have interests and/or short position in our Shares or underlying Shares which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any types of the issued voting shares of any member of our Group.

2. Service Contracts

Each of our Directors [has entered] into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

Save as disclosed in "Directors and Senior Management" and Note 8 to "Appendix I—Accountants' Report" for the financial years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, none of our Directors received other remunerations of benefits in kind from us.

4. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or any of the parties listed in "—E. Other Information—4. Qualification and Consents of Experts" of this Appendix is:

  (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of our Directors or any of the parties listed in "—E. Other Information—4. Qualification and Consents of Experts" of this Appendix:

  (i) is interested legally or beneficially in any shares in any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. EMPLOYEE INCENTIVE SCHEME

To attract, incentivize and retain our employees and other eligible participants, and maintain the stability of our management team and talents, we established Huzhou Xiulai as our Employee Ownership Platform. See "History, Development and Corporate Structure—Employee Ownership Platform" for further details.

The following is a summary of the principal terms of the Employee Incentive Scheme. Under the Employee Incentive Scheme, Eligible Participants (as defined below) were granted partnership interests in the Employee Ownership Platform ("Awards").

The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after Listing. Given the Shares under the Employee Incentive Scheme have already been issued to the Employee Ownership Platform as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Employee Incentive Scheme.

(a) Purposes

The purposes of the Employee Incentive Scheme is to incentivize our employees and other eligible participants to promote the further development of our Company.

(b) Eligible Participants

Eligible participants of the Employee Incentive Scheme ("Eligible Participants") include Directors, mid-level management, core personnel and other employees of our Group, as well as external consultants and other personnel who are recognized by the Board as having made significant contributions to the Company. The list of Eligible Participants may be adjusted by Huzhou Xiulai from time to time.

(c) Administration

Huzhou Xiulai is responsible for administering the Employee Incentive Scheme, including but not limited to (i) determining and adjusting the list of Eligible Participants who are granted with Awards (the "Grantees"); (ii) determining the number and price of Awards to be granted; (iii) determining the repurchase arrangements of the Awards; (iv) amending the terms and conditions of the Awards; and (v) making all other decisions and determinations in relation to the Awards as deems necessary or advisable for the administration of the Employee Incentive Scheme.

(d) Shares under the Employee Incentive Scheme

As of the Latest Practicable Date, Huzhou Xiulai held 26,561,870 underlying Shares, representing approximately 9.22% of the issued share capital of our Company. Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the Employee Ownership Platform will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company.

As of date of this document, Huzhou Xiulai has [48] limited partners, among whom Dr. Xia Erning (夏爾寧) (our executive Director and chief technology officer) held approximately [12.96]% partnership interests as a limited partner therein. None of the limited partners of Huzhou Xiulai holds more than 30% of the partnership interests therein. The general partner of Huzhou Xiulai is Ms. Wu Ye (吳燁), the deputy director of human resources and administration of the Company.

No further Awards will be granted after the date of this document and the Employee Incentive Scheme will not cause any dilution of the shareholding of our Shareholders after the Listing.

(e) Lock-up, Repurchase and Transferability of Partnership Interests

The partnership interests held by the Grantees in the Employee Ownership Platform, which represent the Awards granted to the Grantees, are subject to lock-up restrictions: (i) for Grantees who are employees, the Awards are subject to a lock-up period of four years from the employment commencement date or such other date as specified in the relevant grant notice, with one-fourth being unlocked each year provided that the Grantee maintains a full-time employment relationship or service relationship with our Group; and (ii) for Grantees who are not employees, the Awards shall be unlocked upon the achievement of performance targets as specified in the relevant grant notice.

During the lock-up period, the Awards may be purchased by the general partner of Huzhou Xiulai or its designated entity in the event of, including but not limited to: (i) termination of the Grantee's employment or service relationship with our Group without cause, in which case the locked award shall be transferred at the original subscription price, and the unlocked award shall, upon request by Huzhou Xiulai, be transferred at 50% of the net asset value per share based on the most recent financial statements submitted to the tax authorities at the time of repurchase; (ii) termination of the Grantee's employment or service relationship with our Company for cause, in which case all partnership interests held by such Participant shall be transferred at the original subscription price; and (iii) death, serious illness, or loss of working capacity due to work-related injury of the Grantee, in which case the lawful heirs of such Participant shall be permitted to continue to hold the unlocked partnership interests directly or indirectly.

After the [**REDACTED**], in addition to the restrictions under the Employee Incentive Scheme, the transfer or sale by the Grantees shall be subject to the lock-up requirements under the relevant laws and regulations and the rules of the Stock Exchange, or the respective agreements entered into between the Company and the relevant Grantees pursuant to the terms of the Employee Incentive Scheme (if applicable).

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

Save as disclosed in this document, to the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the [**REDACTED**]. The Sole Sponsor will receive a fee of US$[700,000] for acting as the sponsor for the Listing.

4. Qualification and Consents of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditors under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Global Law Office	Legal advisers to our Company as to the PRC law
Global Law Office	Legal advisers to our Company as to PRC intellectual property laws
Venture Partner, LLC	Legal advisers to our Company as to U.S. intellectual property laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Each of the experts has given and has not withdrawn its written consents to the issue of this document with the inclusion of its reports, letters, opinions or summaries of opinions (as the case may be) and the references to its names and logos included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

5. Compliance Adviser

Our Company has appointed Somerley Capital Limited as its Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules.

6. Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

7. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Bilingual document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Promoters

The promoters of our Company comprised all of the 37 then shareholders of our Company before our conversion into a joint stock company with limited liability. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefits have been paid, allotted or given, or are proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

10. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

11. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

(a) within the two years immediately preceding the date of this document:

(i) save as disclosed in "History, Development and Corporate Structure" in this document, no share or loan capital of our Company or our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) save as disclosed in "[**REDACTED**]" in this document, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or our subsidiaries; and

(iv) save as disclosed in "[**REDACTED**]" in this document, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or our subsidiaries;

(b) there are no founder, management or deferred shares nor any debentures in our Company or our subsidiaries;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(d) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(e) all necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;

(f) our Company has no outstanding convertible debt securities or debentures;

(g) there is no arrangement under which future dividends are waived or agreed to be waived, and there is no restriction affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong; and

(h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix VI—Statutory and General Information—E. Other Information—4. Qualification and Consents of Experts" to this document; and

(b) a copy of each of the material contracts referred to in "Appendix VI—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" to this document.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.vivavisionbio.com**) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the report from Ernst & Young in respect of the unaudited *pro forma* financial information, the text of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the [two financial years ended December 31, 2025 and the six months ended June 30, 2026];

(e) the material contracts referred to in "Appendix VI—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" to this document;

(f) the service agreements and letters of appointment entered into between our Company and each of our Directors referred to in "Appendix VI—Statutory and General Information—C. Further Information about Directors and Substantial Shareholders—2. Service Contracts" to this document;

(g) the legal opinion issued by Global Law Office, our PRC Legal Advisers, in respect of certain general corporate matters of our Group;

(h) the industry report issued by Frost & Sullivan;

(i) the written consents referred to in "Appendix VI—Statutory and General Information—E. Other Information—4. Qualification and Consents of Experts" to this document; and

(j) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translation.