

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, the OrbiMed Entities were interested in approximately 32.6% of the total issued share capital of our Company.

As of the Latest Practicable Date, the general partner of OrbiMed Asia is OrbiMed Asia GP III, L.P., with OrbiMed Advisors III Limited acting as its general partner, and the general partner of OrbiMed U.S. is OrbiMed Capital GP VII LLC, with OrbiMed Advisors LLC being its managing member. OrbiMed Advisors LLC is the advisory company to OrbiMed Asia, pursuant to its voting power under the Advisory Agreement between it and OrbiMed Asia. OrbiMed Advisors LLC is the managing member of OrbiMed Capital GP VII LLC, the general partner of OrbiMed U.S. and is the management company to OrbiMed U.S., pursuant to its voting power under the Management Agreement between it and OrbiMed U.S. Therefore, OrbiMed Advisors LLC has control over voting rights attaching to OrbiMed Asia and OrbiMed U.S., and with respect to its voting power, OrbiMed Asia and OrbiMed U.S. are under common control of OrbiMed Advisors LLC. The interests of the OrbiMed Entities are aggregated for the purpose of this document. For more details, please see “History, Reorganization and Corporate Structure — Information about our Shareholders — Founding Shareholders”.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the Pre-[REDACTED] Equity Incentive Plan), the OrbiMed Entities will hold in aggregate approximately [REDACTED] of the total share capital of our Company. Accordingly, the OrbiMed Entities are considered as our Single Largest Group of Shareholders.

As investors in the healthcare industry, the OrbiMed Entities have a track record of incubating companies focusing on various fields within the global healthcare industry. The incorporation of the Company was strategically driven by the Founding Shareholders’ (being OrbiMed Entities and Creacion) assessment of the development trends and clinical value of AAV gene therapy drugs, combined with their past successful investment experience in the biopharmaceutical sector and thorough consideration with the advice of senior industry opinion leaders.

For details of the shareholding of our Single Largest Group of Shareholders immediately prior to and following the completion of the [REDACTED], please refer to the section headed “History, Reorganization and Corporate Structure” in this document.

CLEAR DELINEATION OF BUSINESS

The OrbiMed Entities are investment funds with an in-depth focus on healthcare and extensive coverage across China and the United States. As of the Latest Practicable Date, the OrbiMed Entities and their affiliates have vast portfolios of companies, including, among others, Laekna, Inc. (a company listed on the Stock Exchange, stock code: 2105), Janux Therapeutics, Inc. (a company listed on the NASDAQ Stock Exchange, ticker: JANX), Disc Medicine, Inc. (a company listed on the NASDAQ Stock Exchange, ticker: IRON), VISEN Pharmaceuticals (a company listed on the Stock Exchange, stock code: 2561) and Gausht Meditech Ltd (a company listed on the Stock Exchange, stock code: 2407). The OrbiMed Entities do not hold controlling interests in the companies in their portfolios that competes or is likely to compete, either directly or indirectly, with our Group’s business, other than the interest in our Company.

We are a clinical-stage gene therapy company dedicated to the in-house development of rAAV gene therapies. Our pipeline targets ophthalmic and cardiovascular diseases in particular.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Single Largest Group of Shareholders and their close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board as a whole and our senior management. Our Board consists of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors. For more details, please see “Directors and Senior Management” in this document. We are able to carry on our business independently from our Single Largest Group of Shareholders from a management perspective, on the basis of the following:

- (a) the board representatives appointed by our Single Largest Group of Shareholders (being Dr. David Guowei Wang and Mr. Diyong Xu) are non-executive Directors

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and are responsible for supervising the management of our Board, but are not involved in the day-to-day management or operations of our business. Therefore, their positions in the Single Largest Group of Shareholders or their close associates will not affect the day-to-day management of our business;

- (b) each Director 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 interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (c) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, see "Directors and Senior Management";
- (d) none of the other three non-executive Directors, our executive Director and senior management team holds any directorships or management positions in, or represents interests of, our Single Largest Group of Shareholders;
- (e) we have three independent non-executive Directors who (i) account for one-third of the Board; (ii) do not and will not hold any directorships or management positions in our Single Largest Group of Shareholders; and (iii) possess requisite industry knowledge and experience and are qualified to provide independent, sound and professional advice to our Company, and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (f) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall be required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (g) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. For details, see "— Corporate Governance."

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Single Largest Group of Shareholders and their close associates after the [REDACTED].

Operational Independence

We do not rely on our Single Largest Group of Shareholders and their close associates for any of our functions. We have full rights to make all decisions on, and to carry out, our own business operations independently. All of the steps taken in R&D initiation and development, as well as formulation of commercialization plans, are executed by the Company's functional teams which are independent from our Single Largest Group of Shareholders, after the R&D strategy and commercialization strategy is independently formulated by the Company. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates.

Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently.

Based on the above, our Directors believe that we are able to operate independently of our Single Largest Group of Shareholders and their close associates.

Financial Independence

Our Group has an independent financial management system. We make finance related decisions according to our own business needs and neither our Single Largest Group of Shareholders nor their close associates intervene with our use of funds. In addition, we have also established an independent finance department and have implemented sound and independent audit, accounting and financial management systems.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates.

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Our Directors believe that, upon [REDACTED], our Company will be able to obtain further financing, if necessary, upon market terms and conditions without relying on financial assistance or credit support from our Single Largest Group of Shareholders or their close associates. During the Track Record Period and as of the Latest Practicable Date, we had also received a series of Pre-[REDACTED] Investments from third party investors independently. For details of the Pre-[REDACTED] Investments, see “History, Reorganization and Corporate Structure.”

Based on the above, our Company considers there is no financial dependence on our Single Largest Group of Shareholders or their close associates.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C 1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates has a material interest, our Single Largest Group of Shareholders will not vote on the resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a substantial shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and our Single Largest Group of Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (g) we have appointed Alliance Capital Partners Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Single Largest Group of Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].