You should carefully consider all of the information in this document and, in particular, the risks and uncertainties described below, before making any [**REDACTED**] *in our H Shares. We are affected materially by requirements and restrictions that arise under laws, regulations, judicial interpretations and government policies in nearly all aspects of our businesses in the jurisdictions where we operate. The risks described below are not the only risks that may affect us or our* [**REDACTED**]. *Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, results of operations, financial condition and growth prospects. If any of the possible events described below occurs, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. The* [**REDACTED**] *of our H Shares could decline owing to any of these risks, and you may lose all or part of your* [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to the R&D and Commercialization of Our Drugs and Drug Candidates

We are largely dependent on sales of our launched products. If we are unable to maintain or increase the sales volume, pricing levels and profit margins of our main products, our revenue and profitability could be adversely affected.

To date, we had nine launched products that were primarily sold in the PRC. Sales of our marketed products accounted for 98.4%, 97.8%, 99.1%, 99.1% and 99.4% of our total revenue in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. In particular, we are largely dependent on sales of EGFR TKI drugs, which contributed 66.9%, 55.0%, 48.1%, 50.2% and 41.3% of our total revenue from sales of pharmaceutical products during the same periods. If we are unable to maintain the sales volumes, pricing levels or profit margins of these marketed products, especially EGFR TKI drugs, our revenue and profitability could be adversely affected. Factors that could adversely affect the sales volumes, pricing levels and profitability of these products include exclusion from, or reduced coverage under, the provincial or other government-sponsored medical insurance programs, and unfavorable policy, regulatory or enforcement changes, among others, which are outside of our control and could adversely affect our operations, revenue and profitability.

If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drugs or drug candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business will depend on the successful development, regulatory approval and commercialization of our drugs and drug candidates, many of which are still in clinical or preclinical development. The success of our drugs and drug candidates will depend on several factors, including but not limited to successful completion of clinical and preclinical studies, receipt of regulatory approvals of our drugs and drug candidates and successfully launching commercial sales of our drug candidates. If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays in our ability or be unable to obtain approval for and/or to successfully commercialize our drugs and drug candidates, which would render us fail to achieve our milestones as planned, and materially harm our drug development business.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome.

Failure to successfully complete these trials or procedures in a timely and cost-effective manner could have a material adverse effect on our prospects. The successful and timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may not always be able to enroll a sufficient number of patients for all of our clinical trials in a timely manner, or even if we are ultimately able to enroll a sufficient number of patients in our clinical trials, delays in patient enrolment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our drug candidates.

Failure can occur at any time during the clinical trial process. If our drugs or drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in future clinical trials, we would have expended a significant amount of capital to progress the relevant drugs or drug candidates to that stage, and would not realize any revenue on such drug candidate if it then ultimately failed to receive regulatory approval due to poor clinical trial results. Uncompensated expenditure of clinical development could materially adversely affect our business, financial condition, results of operations and prospects.

If we fail to achieve product development milestones, as disclosed in this document or subsequent public disclosures, it could adversely affect our business prospects.

The successful implementation of our drug development programs is subject to significant business, economic and competitive uncertainties and contingencies, including, product development risk, the availability of funds, competition, grants of relevant approvals and permits and regulation, which we will re-evaluate from time to time based on the regulation, government policies and the continued growth of the pharmaceutical market. The actual timing for achieving product development milestones could vary significantly from our expectations due to a number of factors, many of which are outside our control. If we fail to achieve one or more of these milestones as planned, it could adversely affect the price of our H Shares and our business prospects.

Results of preclinical studies and early phases of clinical trials may not be predictive of future trial results.

To obtain regulatory approval for the sale of our drug candidates, we are required to conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. We may encounter unexpected difficulties while executing our drug development plans for such drug candidates and our current and future drug candidates are susceptible to the risks of failure inherent at any stage of drug development, including the occurrence of unexpected or unacceptable adverse events or the failure to demonstrate efficacy in clinical trials. We cannot guarantee that we will be able to realize such potential for any of our drug candidates, especially because they are still in clinical or preclinical development.

We invest substantial resources in research and development in order to develop our drugs and drug candidates and enhance our technologies, which we may not be able to do successfully.

The global pharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, we recorded R&D investment (including research and development expenses and development costs) of RMB1,002.1 million, RMB717.2 million, RMB573.5 million, RMB298.6 million and RMB230.8 million, respectively. We cannot guarantee that we will be successful in identifying potential drug candidates. Research programs to pursue the development of new drug candidates or additional indications require substantial technical, financial and human resources. Our research programs may fail to yield results for clinical development for a number of reasons. Moreover, we cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, or develop and bring new products to market in a timely and cost-effective manner. Any failure to do so may render our efforts obsolete, which could significantly reduce demand for our products or services and harm our business and prospects.

We may not realize any or all benefits of our collaboration or licensing arrangements, and disputes may arise between us and our collaboration partners.

From time to time, we may license-in or license-out drugs or drug candidates. We have licensed-in candidates to expand our portfolio, but cannot assure that we will identify suitable future candidates or secure favorable terms, if at all. Any in-licensing arrangements may impose diligence, development, commercialization, milestone, royalty, insurance and other obligations, and there is no assurance that the products will be successfully commercialized. We may also license-out our drugs or drug candidates. We cannot assure that we will successfully enter into such arrangements or that any partner will successfully develop or commercialize the licensed products, which could adversely affect the licensing fees we receive.

Even after we successfully license-in or license-out drugs or drug candidates, our licensors or licensees may breach the relevant license agreements, whether inadvertently or otherwise, or conclude that we have materially breached our license agreements, which could result in termination of relevant agreement, loss of valuable intellectual property rights and disagreements and disputes, among others. For example, we entered into a collaboration agreement with InventisBio, as amended, in December 2018, pursuant to which we obtained exclusive rights for research, development, manufacturing and commercialization of befotertinib in Chinese Mainland, Hong Kong, and Taiwan. Please refer to "Business — Our Business Development — Collaboration Agreement with InventisBio on Befotertinib" for more details of this collaboration. Since the inception of this collaboration, we have actively advanced the clinical development and commercial launch of befotertinib, and our progress has been acknowledged by InventisBio. While certain regulatory milestone payments totaling RMB180 million have been triggered and become payable by us under this agreement, we and InventisBio are currently in active discussions regarding the payment of such fees, taking into account commercial considerations and the long-term nature of

our collaboration. As an initial outcome of these discussions, we paid RMB80 million in December 2025, and further discussions remain ongoing. Both parties aim to resolve this matter through amicable negotiation under the framework of existing agreement. Notwithstanding these discussions, we have continued to fulfill our other contractual obligations under the collaboration agreement, including the continued payment of sales royalties post to the marketing approvals, and the overall collaborative relationship between the parties remains friendly and constructive.

However, we cannot assure you that our discussions with collaboration partners will always lead to mutually acceptable terms or will not escalate and require other mechanisms of resolution. In addition, certain in-licensing and out-licensing agreements we entered into with our collaboration parties contain early termination clauses that provide a short notice period for initiating the termination process or grant the other party unilateral termination rights with short notice period. Termination of the licenses provided for under these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms.

We may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement. In addition, our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products and the market opportunities for our drug candidates may be smaller than we anticipate. The number of patients in the addressable markets may turn out to be lower than expected and patients may not be amenable to treatment with our drugs, or new patients may become increasingly difficult to identify or access. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors.

The industry in which we operate is highly competitive and rapidly changing. For example, our icotinib faces competition in China from other EGFR TKIs, such as other marketed first-, second- and third-generation EGFR TKIs and those under clinical development. Our pipeline products may face competition from competing products that are already commercialized or at more advanced clinical stages. Many of our competitors have substantially more developed commercial infrastructure, greater financial, technical and human resources and more expansive intellectual property portfolios, as well as more drug candidates in late-stage clinical development than we do. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or gain better acceptance for the same target markets as ours. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and/or safety in order to overcome price competition and to be commercially successful. Disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates obsolete or non-competitive.

If we are unable to win bids to sell our products to PRC public hospitals through the centralized tender process, we will lose market share and our revenue and profitability could be adversely affected.

Most of our products are ultimately sold to PRC public hospitals and medical institutions, which generally procure drugs through provincial centralized tender processes. We bid to supply products at specified prices, and winning bids largely determine the prices at which we sell to distributors. The process creates pricing pressure, particularly among substitute products. Our sales and profitability depend on winning tenders at sustainable prices. Failure to do so, which could result from reduced demand, uncompetitive pricing, quality or service deficiencies, or perceived weaker clinical effectiveness, among others, may restrict sales in relevant regions and adversely affect our market share, revenue and results of operations.

Certain of our products are subject to pricing regulation or other policies that are intended to reduce healthcare costs.

In China, prices of pharmaceutical products are currently determined mainly by market competition, without being subject to price ceilings set by the NDRC. However, inclusion in the NRDL requires negotiation with the government to determine the reimbursable amount. Market-based pricing does not assure higher prices, as competition — particularly from lower-priced alternatives — may force price reductions for our marketed products and future candidates. Policy changes, including expanded competition and pricing reforms, may create uncertainty and adversely affect our prices, revenue and profitability.

PRC authorities have also implemented affordability measures such as the centralized volume-based procurement (VBP) scheme, which uses competitive bidding to lower prices of high-volume drugs. Although none of our marketed products are currently subject to VBP, patent expiry, generic entry or further procurement reforms could result in price reductions and adversely affect our wholesale prices, revenue and profitability. In the United States, coverage and reimbursement policies vary by payer. Securing approval from government or private payers is time-consuming and costly, and there is no assurance of adequate reimbursement, and drug prices typically decline over time due to competition, tender processes, government policies or voluntary price cuts. Any pricing pressure or downward adjustments could materially and adversely affect our business, financial condition and results of operations.

Failure to attain market acceptance among the medical community would have a material adverse impact on our operations and profitability.

The commercial success of our products, including existing or future products, depends on the degree of market acceptance they achieve among the medical community, particularly medical professionals and hospitals. The acceptance of any of our products among the medical community will depend upon several factors, including but not limited the safety and efficacy of the product, the cost and whether the drug is included in the national and provincial medical insurance drug catalogues. If our products fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are perceived more favorably by healthcare practitioners and patients, are more cost-effective or otherwise render our products obsolete, the demand for our products may decline and our business and profitability may be materially and adversely affected.

We may not be able to conduct effective promotion or maintain a qualified sales force.

We rely on a experienced commercialization team to effectively market and sale our products. See "Business — Our Commercialization Capabilities" for details. If we are unable to increase or maintain the effectiveness and efficiency of our sales and marketing activities, or if we are unable to attract, motivate and retain a sufficient number of marketing, promotion and sales professionals, sales volume of our products may be adversely affected and we may be unable to expand our hospital coverage or increase our market penetration as contemplated.

We may not be able to maintain or expand an effective distribution network for our products.

We primarily rely on our network of distributors to distribute our products. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, revenue generated from our sales of products through wholesale distributors accounted for 70.3%, 70.4%, 73.6%, 73.1% and 74.7% of our total revenue, respectively. All of our distributors during the Track Record Period are Independent Third Parties. Therefore, our ability to manage the activities of our distributors is relatively limited, primarily relying on the distribution agreements we entered into. Our distributors may fail to distribute our products in the manner we contemplate or breach our agreements with them, among others, any of which could have a material adverse effect on our business, prospects and reputation, expose us to liabilities, disrupt our distribution network and create an unfavorable public perception about the quality of our products. Any disruption to our distribution network, including our failure to maintain relationships, form new relationships or renew our existing distribution agreements could negatively affect our ability to effectively sell our products and would materially and adversely affect our business, results of operations, financial condition and prospects.

We are subject to credit risks of our customers.

We generally grant credit terms of up to 60 days to our customers. The average turnover days of our trade receivables in 2023, 2024 and 2025 and the six months ended June 30, 2026, were 55 days, 25 days, 23 days and 45 days, respectively. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our trade receivables were RMB286.4 million, RMB98.5 million, RMB351.3 million and RMB624.9 million, respectively. As a result, we may be exposed to credit risks. We cannot assure you that we can properly assess and respond in a timely manner to changes in their credit profile or that we can fully recover our trade receivables in a timely manner. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with our customers in a manner that may adversely and materially affect our cash flows and operations.

Real or perceived incidents of severe side effects caused by our products could materially and adversely affect our reputation and product sales, and subject us to liabilities.

Our products may cause or be perceived to cause undesirable or unintended side effects as a result of a number of factors outside our control, including potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases and adverse findings relating to similar products or ingredients by other companies or regulatory authorities, among others. If our products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including, but not limited to patient injury or death, reduced demand and sales, product recalls or withdrawals and revocation of regulatory approvals. As a result of these potential consequences, our revenue and profitability could be adversely affected.

Counterfeits of our products could negatively affect our sales, damage our reputation and expose us to liability claims.

Counterfeit pharmaceutical products, often sold at lower prices and similar in appearance to authentic products, may erode our sales. Such products may differ in composition, be ineffective or cause severe adverse side effects, potentially leading to negative publicity, reputational harm, administrative penalties or litigation against us. As a result of these factors, the continued proliferation of counterfeit pharmaceutical products in the market could affect our sales, damage our reputation and the brand names for the relevant products and expose us to liability claims. There can be no assurances that we will be able to prevent future occurrences of counterfeit version of our products or instances of counterfeit version of our products in the future will not have a material adverse effect on us.

Risks Relating to Manufacture and Supply of Our Products

If our products are not manufactured to the necessary quality standards, it could harm our business and reputation, and our revenue and profitability could be adversely affected.

Product safety and quality is critical to our business. We have established a quality control management system and standard operating procedures to help prevent quality issues in respect of our products. See "Business — Manufacturing and Quality Control" for further details. We cannot guarantee that we will eliminate the risk of errors, defects or failure, and product contamination. We may fail to detect or cure quality defects as a result of a number of factors, many of which are outside our control, including: (i) manufacturing errors; (ii) technical or mechanical malfunctions in the manufacture process; (iii) human error or malfeasance by our quality control personnel; (iv) tampering by third parties; and (v) quality issues with the raw materials we purchase or produce. In addition, when we expand our manufacturing capacity in the future, we may not be able to ensure consistent quality, or need to incur substantial costs for doing so. Failure to detect quality defects in our pharmaceutical products or to prevent such defective products from being delivered to end-users could result in patient injury or death, product recalls or withdrawals, license revocation or regulatory fines, or other problems that could seriously harm our reputation and business, expose us to liability, and adversely affect our revenues and profitability.

We may face delays in receiving regulatory approvals for our manufacturing facilities.

Our manufacturing facilities and our manufacture process will be subject to ongoing, periodic inspection by the NMPA, FDA or other comparable regulatory agencies to ensure compliance with GMP, which is usually the pre-requisite to obtain marketing approval in the respective jurisdictions. Failure to comply with applicable regulations could lead to increased expense and result in sanctions being imposed on us, including fines, injunctions, civil penalties, requirement to suspend

our clinical trials, failure to obtain, extend or maintain marketing approval of our product candidates, supply disruptions, seizures or recalls of products or product candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

If we suffer substantial disruption to any of our production sites or fail to increase our production capacity, our business and results of operations could be adversely affected.

Substantially all of our in-house manufacturing activities are carried out at our Hangzhou facility. During the Track Record Period, all icotinib, ensartinib, befotertinib, vorolanib and tibremciclib drug products sold in China were manufactured at our Hangzhou facility. The continued operation of our production sites and our production safety may be substantially interrupted and materially and adversely affected due to a number of factors, including but not limited to equipment malfunction, failure to follow specific protocols and procedures, and problems with raw materials. If the operation of any of our production sites is substantially disrupted, we may not be able to replace the equipment or inventories at such facilities, or use different sites or a third party contractor to continue our production in a legal, timely and cost-effective manner or at all. We do not maintain business interruption insurance and the amount of our insurance coverage may not be sufficient to cover our losses in the event of a significant disruption to any of our production sites. As a result of disruption to any of our production sites or any problems in manufacturing our products, we may fail to fulfill contract obligations or meet market demand for our products, and our business, revenues and profitability could be adversely affected.

In addition, we plan to increase our production capacity to meet demand for our products. In the event we fail to increase our production capacities, we may not be able to capture the potential growth in demand for our products. Moreover, our plans to increase our production capacities require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could adversely affect the return on our expenditure.

We may experience supply interruptions that could harm our ability to manufacture products.

We rely on third-party suppliers for certain raw materials and equipment, including fixed-source suppliers due to quality, cost, availability or regulatory requirements. If these suppliers cease or interrupt production, we may face supply shortages or delays. Changing suppliers may require significant time and investment, particularly where materials are integral or involve proprietary technology and we may be unable to secure suitable replacements on reasonable terms, which could disrupt production, reduce sales and materially adversely affect our operating results.

Fluctuations in prices of our raw materials may have a material adverse effect on us.

Purchase of raw materials accounted for a significant portion of our total cost of sales during the Track Record Period. We incurred raw material costs of RMB136.6 million, RMB181.9 million, RMB258.4 million, RMB110.9 million and RMB180.3 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. In order to manufacture our products, we must obtain sufficient quantities of high-quality raw materials at commercially acceptable prices and in a timely manner. We rely on our suppliers for our business, which exposes us to risks associated with fluctuations in prices of raw materials. We may have limited capability to transfer the increasing costs of raw materials to our customers in a timely manner. A significant increase in the costs of raw materials may increase our cost of sales and negatively affect our profit margins, if we are not able to transfer the cost increase to our customers.

Failure to maintain optimal inventory levels could increase our operating costs or lead to unfulfilled customer orders.

We are required to maintain optimal inventory levels in order to satisfy demand coming from our extensive distribution network and successfully meet our customers' demand. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, our inventory turnover days were 301 days, 200 days, 156 days and 135 days, respectively. However, we may be exposed to inventory risk as a result of rapid changes in product life cycles, changing clinical demands, uncertainty of product developments and launches as well as the volatile global economic environment. There can be no assurance that we can accurately predict these trends and events and avoid over-stocking or under-stocking our products. See "Business — Inventory Management" for details.

Risks Relating to Our Reliance on Third Parties

Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted by us or granted to us by others.

Certain drugs and drug candidates in our pipeline were derived through our partnership with our collaborators in the areas of patent licensing and/or transfer, clinical development, and marketing and distribution. See "Business — Our Commercialized and Pipeline Products" for more details. These licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may wish to develop or commercialize our future drug products. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products. In addition, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering the drug candidates that we license from third parties in a manner consistent with the best interests of our business. Our licensors may have relied on third-party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

If our business partners do not successfully carry out their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates.

We work with CRO and CDMO partners (including both CMOs and CDMOs) to develop and manufacture our drug and drug candidates, and control only certain aspects of their activities. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we maintained long-term collaborations with 24, 17, 26 and 19 CRO partners, respectively, as well as 22, 22, 13 and 9 CDMO partners, respectively. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our purchases from CROs amounted to RMB105.8 million, RMB106.4 million, RMB83.7 million and RMB75.9 million, respectively, and our purchases from CDMO amounted to RMB339.2 million, RMB324.6 million, RMB427.0 million and RMB212.7 million, respectively.

We remain responsible for ensuring our studies and manufacturing comply with applicable protocols, laws and scientific standards, and engagement of CROs and CDMOs does not relieve us of regulatory obligations. Non-compliance may render clinical data unreliable, require additional or repeated trials, delay approvals, or result in products failing to meet required quality standards. If our relationships with CROs, CDMOs or other collaborators terminate, or if they fail to meet timelines, adhere to protocols or maintain data and manufacturing quality, our trials and production may be delayed, extended or terminated, and regulatory approval or commercialization may be delayed or prevented.

Risks Relating to Extensive Governmental Regulations

All material aspects of the research, development, manufacturing and commercialization of our drugs and drug candidates are heavily regulated.

The jurisdictions in which we plan to develop and commercialize our drug candidates, including China, the United States and the EU, impose extensive and detailed regulation across drug development, approval, manufacturing, marketing, sales and distribution. Although these regimes adopt broadly similar approaches, differences among them increase the complexity and cost of compliance for companies operating across multiple regions. Failure to comply at any stage of development, approval or post-approval may result in administrative or judicial sanctions. Moreover, changes in government regulations or in practices relating to healthcare industry, including healthcare reform and compliance with new regulations may result in additional costs.

We are required to obtain, maintain and renew various permits, licenses and certificates to develop, produce, promote and sell our products. We and third parties on whom we rely may be also subject to regular inspections, examinations, inquiries or audits by the regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries or audits may result in the loss or non-renewal of the relevant permits, licenses and certificates. There can be no assurance that we or the parties on whom we rely will be able to meet evolving criteria that may be imposed to obtain or renew the necessary permits, licenses and certificates.

In addition, our products are and will be subject to ongoing regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China, the U.S., the EU, and/or

other countries. Any failure to comply with applicable requirements, or the discovery of safety, efficacy or manufacturing issues after approval, may result in labeling changes, additional studies, marketing or distribution restrictions, suspension or withdrawal of approvals, product recalls, or other administrative, civil or criminal penalties.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations may be subject to various fraud and abuse laws in China and the U.S., including, without limitation, the PRC Anti-Unfair Competition Law, PRC Criminal Law, the Federal Anti-Kickback Statute and the Federal False Claims Act, and the Physician Payments Sunshine Act. Violations may give rise to civil, criminal and administrative sanctions, including fines, damages, disgorgement, exclusion or suspension from government healthcare programs such as Medicare and Medicaid, and debarment from government contracts. Private parties may also bring actions on behalf of the U.S. government under applicable false claims laws. Ensuring compliance with these requirements may involve substantial costs, and governmental authorities may determine that our practices do not comply with applicable laws. Any such enforcement actions, if unsuccessful in our defense, could result in significant penalties, reputational harm, operational restrictions and a material and adverse effect on our business and results of operations. In addition, if our business partners are found to be non-compliant, they may be subject to sanctions, which could also adversely affect our business.

We receive, collect and store de-identified codes of subjects enrolled in our clinical studies and the corresponding clinical data and we process, analyze and transfer these data within the scope of the relevant clinical studies and drug registration. In addition, we receive, collect and store personal data from post-marketing surveillance and real-world studies, such as spontaneously reported adverse drug reactions, and submit drug safety reports as required by regulatory authorities. As such, we are bound by the relevant data privacy and protection laws and regulations that apply to our data activities in the jurisdictions where we operate and conduct our clinical studies. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Risks Relating to Our Intellectual Property Rights

We may be unable to obtain and maintain sufficient patent protection for our drugs and drug candidates through intellectual property rights.

Our success depends on our ability to obtain, maintain and enforce intellectual property rights, particularly patent protection, for our proprietary technologies and drug candidates. We seek protection through patent filings in the PRC, the United States and other jurisdictions, as well as trade secrets and regulatory exclusivities. However, patent prosecution is costly and time-consuming, and we may be unable to file or secure protection for all relevant inventions, or may fail to identify patentable subject matter in a timely manner, which could allow competitors to develop competing products.

Our pending and future owned or licensed patent applications may not be granted, or if granted, may not provide meaningful protection, prevent competition, or confer a competitive advantage. Patent claims may be narrowed during prosecution, reinterpreted after issuance, or challenged through certain legal proceedings. Adverse outcomes could invalidate or limit our patents, reduce exclusivity, or restrict our freedom to operate, allowing competitors to commercialize similar products without compensation. Moreover, competitors may circumvent our patents through alternative technologies or patent strategies, and pending applications may be amended in ways that cover our products, potentially affecting our freedom to operate.

Patent applications and granted patents must comply with procedural, documentary and fee payment requirements throughout prosecution and maintenance. In certain circumstances, we may rely on our licensing partners to pay these fees and are dependent on them to take the necessary actions to comply with these requirements with respect to our licensed intellectual property. Any non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

The life of patent protection is inherently limited. After the expiration of our patent rights, such as those relating to icotinib, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us.

The term of a patent, and the protection it affords, is limited. Even if we successfully obtain patent protection for an approved drug, such drug may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. For example, icotinib hydrochloride is protected by various patents and applications that are expected to expire during the period from 2023 to 2034 in aggregate, among which the patent covering the composition of matter (compound) expired in 2023, and the crystalline form patent is expected to expire in 2029, respectively. In July 2026, a generic version of icotinib received marketing approval in China. If and when such generic version is commercially launched and achieves market penetration at a lower cost, icotinib may face competition from such generic versions, which may reduce its market share and sales revenue. If sufficient generic competition develops, we may also be required to participate in national or regional VBP schemes, which could create additional downward pricing pressure. If our selling price or market share declines materially as a result, our business and operating results may be materially and adversely affected. For details, see "Business — Intellectual Property."

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our owned and licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties who may license their rights to other third parties, including our competitors. Although patent term extensions are available in the United States under Hatch-Waxman and in China under the revised PRC Patent Law and its implementing measures, such extensions are subject to eligibility requirements and statutory limits, may require third-party cooperation for in-licensed patents, and may not be granted or may be shorter than requested, in which case competitors could obtain approval of competing products following our patent expiration. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may become involved in lawsuits to protect our intellectual property or being sued for infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

Competitors and other third parties may infringe our patent rights or misappropriate or otherwise violate our other intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights. This can be expensive and time-consuming, and we may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property.

Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future, regardless of their merit. We cannot assure you that a court would find in our favor on questions of infringement, validity, enforceability or priority, and it could have a material and adverse effect on our ability to develop and commercialize any of our drug candidates covered by the asserted third-party patents. If we are found to infringe such third-party patents, we may be required to pay damages, cease commercialization of the infringing technology, or obtain a license from such third parties, which may not be available on commercially reasonable terms or at all. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our drug candidates, including in China, the U.S., the EU and other countries. There may also be third-party patents and patent applications in the relevant fields which we are unaware of and given the dynamic area in which we operate, additional patents are likely to be issued that relate to aspects of our business. If third parties obtain rights in major markets that relate to our products (including through divisional or continuation applications, diagnostic-treatment combinations or delivery systems), we may still face infringement claims, applications for injunctions or demands to enter into licensing negotiations. In such circumstances, we may be required to pursue technical workarounds, invalidation or opposition proceedings, third-party observations or commercial licensing arrangements, each of which could involve significant costs and uncertainties.

If we are unable to protect the confidentiality of our trade secrets, or to enforce our confidentiality, non-competition agreements and/or other IP-related agreements, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by non-disclosure and confidentiality agreements. We cannot ensure that all relevant parties have entered into such agreements or that these agreements cannot be breached. Misappropriation of trade secrets could result in increased competition, and enforcing our rights may be difficult, costly, and unpredictable, with no assurance of favorable outcomes or adequate remedies. We typically require employees, consultants, and contractors to assign intellectual property developed for our business to us. However, we may be unsuccessful in obtaining such assignments in all cases. Under PRC laws, inventors or creators are entitled to remuneration for patents created during employment. Disputes over such remuneration or compulsory standards under applicable laws and regulations could be substantial and may materially affect our business, financial condition, results of operations, and prospects. Furthermore, certain of our employees and consultants were previously employed at and subject to non-disclosure and non-competition agreements with, other pharmaceutical companies, including our competitors or potential competitors. As such, we may be subject to claims that we or these employees or consultants have used or disclosed intellectual property, of any such individuals' former employer.

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

We currently own issued trademarks and pending trademark applications. There is no assurance that our pending or future trademark applications will be approved, or that registered trademarks will not be successfully opposed, cancelled, or invalidated. If we are unable to prevent third parties from infringing, diluting, or otherwise violating our trademark rights, or if our trademarks are challenged or deemed invalid, we may be required to rebrand our products, devote significant resources to marketing new brands, and could lose brand recognition.

We will not seek to protect our intellectual property rights in all jurisdictions throughout the world, and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

Obtaining, prosecuting, and enforcing patents worldwide is costly, and some jurisdictions may not provide the same level of protection as the United States. As a result, we may be unable to prevent third parties from using our technologies or selling products that infringe our rights in certain countries, including exporting into territories where we hold patents but enforcement is weak. Legal systems in some countries, particularly developing countries, may not favor the enforcement of patents, trade secrets, or other intellectual property, making it difficult to stop infringement or competition. Enforcing our rights internationally could be expensive, divert management attention, and may not prevent third parties from challenging or circumventing our patents. Compulsory licensing laws or restrictions on enforcement against government agencies or contractors in certain jurisdictions could further limit our patent rights. If we are required to license our patents to third parties, our competitive position could be materially impaired, adversely affecting our business, financial condition, results of operations, and prospects.

Risks Relating to Our Financial Position

Our historical growth may not be indicative of our future performance.

Our historical financial and operational performance has been characterized by significant growth, driven in part by favorable market conditions, successful product launches, government incentives, and a relatively concentrated market structure in certain therapeutic areas. However, there can be no assurance that we will be able to sustain such growth rates in the future. As our business scales, the absolute amount of revenue and profit required to maintain high growth rates increases, making it inherently more difficult to achieve comparable percentage growth. We may also face challenges related to capacity constraints, supply chain disruptions, talent shortages, and rising costs. Economic downturns, changes in healthcare policies, or adverse events related to our products could further impact our performance. If we fail to adapt to these changing conditions or encounter unforeseen obstacles, our future growth may significantly lag behind historical levels, which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Therefore, [**REDACTED**] should not rely on our past growth as an accurate indicator of future performance.

We may need to obtain additional financing to fund the expansion of our research and development activities and operations.

We expect that the implementation of our strategies and business plans will require us to rely in part on external financing sources. However, our ability to obtain additional capital on commercially reasonable terms is subject to a variety of factors, many of which are outside of our control. If we cannot obtain sufficient external financing on commercially acceptable terms, we could be required to revise our strategies and business plans, which could materially and adversely affect our business, financial condition and results of operations.

We incurred net current liabilities during the Track Record Period.

As of December 31, 2023, 2024 and 2025 June 30, 2026, we had net current liabilities of RMB277.3 million, RMB623.6 million, RMB339.5 million and RMB313.7 million, respectively, which mainly due to our other payables and accruals and interest-bearing borrowings. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" for details. A net current liabilities position can expose us to liquidity and financial risks and there is no assurance that we will not record net current liabilities in the future. If we record net current liabilities, our working capital for business operations may be constrained.

We may face goodwill impairment risks in connection with our acquisitions.

In order to expand our operations and global presence, we have undertaken a series of acquisitions in the past during which the excessive amount of consideration compared to the fair value of identifiable assets and liabilities of the compared company will negatively impact goodwill. The carrying amount of goodwill of our Group were of RMB413.6 million, RMB413.6 million, RMB413.6 million and RMB383.7 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Goodwill is not amortized but is tested for impairment at least annually or more frequently if events or changes in circumstances indicate potential impairment. The recoverable amount is determined as the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, management is required to make assumptions and estimates regarding, among other things, future cash flows and discount rates. Actual results may differ, and we may be required to recognize impairment charges earlier than anticipated. Such impairment could materially affect our reported earnings, financial ratios, financing ability, and financial position.

If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

We have intangible assets in the form of development costs, patents and exclusive licenses and software use rights. As of December 31, 2023, 2024 and 2025 and June 30, 2026, the net book amount of our intangible assets were RMB3.0 billion, RMB3.0 billion, RMB2.7 billion and RMB2.7 billion, respectively. The value of intangible assets is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may have to write off a significant portion of our intangible assets and record a significant impairment loss. In addition, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. We recorded impairment losses on intangible assets of RMB27.5 million in 2024. The impairment of our intangible assets could have a material adverse effect on our business, financial condition and results of operations. For further details of our accounting policies with respect to intangible assets, see "Financial Information — Material Accounting Policy Information and Estimates."

Fluctuation of the operational results of our invested companies and the fair value of our investments may adversely affect our financial position.

We have strategically invested in a number of biotech companies which focus on research and development of innovative drugs with significant growth potential or cutting-edge technologies. For the details of our investments, see "History, Development and Corporate Structure." The performance of our invested companies, including but not limited to the commercial success of their drug candidates, will affect our cash flow and results of operation. In addition, for our financial assets at fair value through other comprehensive income ("FVOCI"), if the fair value of our investments were to fluctuate, our results of operations may be materially and adversely affected. For the details, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" to this document.

Fair value changes on our financial liabilities and financial assets and related valuation uncertainty had materially affected, and may continue to materially affect, our financial condition and results of operations.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded financial liabilities at fair value through profit or loss ("FVPL") of RMB10.0 million, RMB10.0 million, RMB10.0 million and RMB10.0 million, respectively. Our financial liabilities at FVPL consist of development project entitlement payable and preferred stock with redeemable obligation. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded financial assets at FVOCI of RMB1,006.6 million, RMB1,076.1 million, RMB1,931.5 million and RMB1,632.3 million, respectively. As of the same dates, we also recorded financial assets at FVPL of RMB0.5 million, RMB126.4 million, RMB66.0 million and RMB0.6 million, respectively. The fair value of these financial instruments are determined based on significant unobservable inputs. Should any of the estimates and assumptions change, it may lead to changes in the financial assets at fair value through other comprehensive income. In addition, the valuation methodologies may involve a significant degree of management judgment and are inherently uncertain, which may result in material adjustment to the carrying amounts of certain assets and liabilities and in turn may materially and adversely affect our results of operations. For more details, see Notes 19, 26 and 33 of the Appendix I to this document for more details.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our properties as of June 30, 2026 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, are set forth in the Report set out as Appendix III to this document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Certain of our cash and cash equivalents are denominated in foreign currencies. Therefore, we are exposed to foreign currency risk. We recorded foreign exchange gain of RMB6.7 million and RMB4.1 million in 2023 and 2024 respectively, while we recorded foreign exchange loss of RMB12.6 million, RMB2.3 million and RMB17.5 million in 2025 and the six months ended June 30, 2025 and 2026, respectively. The [**REDACTED**] from the [**REDACTED**] will be received in HKD. As a result, any appreciation of RMB against USD, HKD or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

We may be exposed to liquidity risk due to a long cash conversion cycle.

We had recorded relatively long inventory turnover days and trade receivable turnover days compared with out trade payables turnover days, which may lead to delays in converting our revenue into cash. Our cash conversion cycle, a metric to measure how efficiently we manage our working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales, was 336 days, 214 days, 159 days and 144 days for 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. The improvement during the Track Record Period was primarily attributable to our continued focus on enhancing cash flow efficiency through strengthened supply chain coordination and more effective inventory management, which may not be sustained in future, particularly in light of potential fluctuations in customer payment patterns, supply chain volatility, and broader macroeconomic conditions. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

Risks Relating to Our General Operations

If we are unsuccessful in our international expansion plans, it could have an adverse effect on our business prospects.

Our strategy includes the expansion of our operations into international markets as a means to diversify revenue sources and enhance shareholder value. However, success in these endeavors is not guaranteed and involves numerous risks and uncertainties. Expanding internationally requires substantial investments in infrastructure, human resources, regulatory compliance, and market development, all of which may yield lower returns than anticipated or even result in losses if our strategies do not succeed as planned. Economic instability, political unrest, trade restrictions, and currency fluctuations in target markets may further increase costs and reduce market attractiveness. Failure to manage these risks could limit our ability to achieve strategic objectives, harm our reputation, and materially and adversely affect our business, financial condition, and results of operations.

Our success depends on our key senior management members and our ability to attract, train, motivate and retain highly skilled scientists and other technical personnel.

Our success depends on the continued services of our senior management and key research and development personnel. We rely on experienced management with strong scientific, financial, and operational expertise, as well as on scientists and technical staff capable of developing new products and keeping pace with advances in the pharmaceutical industry. We face significant competition for qualified personnel from other pharmaceutical and biotechnology companies, universities, and research institutions. The pool of suitable candidates is limited, and we may be unable to attract or retain sufficient skilled personnel at current compensation levels. To remain competitive, we may need to offer higher salaries and benefits, which could materially increase costs. Any failure to attract, retain, motivate, or train qualified personnel could materially and adversely affect our business, financial condition, results of operations, cash flows, and prospects.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases, civil and social disruptions and other factors beyond our control.

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 may be 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. Our business could also be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or other epidemics. Any such occurrences could cause severe disruption to our daily operations and may even require a temporary closure of our offices and laboratories. Further, any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

We may become subject to litigation, legal disputes, or other administrative measures.

We may from time to time be involved in litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. We may initiate legal proceedings to protect our rights, but cannot assure that the outcomes will be favorable. Such proceedings, whether initiated by us or third parties, may divert management's attention, consume resources, and result in significant monetary damages, fines, penalties, or suspension of business activities. Negative publicity from these matters may also harm our reputation and the image of our brands and products. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

If we, our employees, distributors, agents, suppliers or affiliates engage, or are perceived to engage, in misconduct or breaches, our business or reputation could be harmed and we could be exposed to regulatory investigations, costs and liabilities.

We are subject to risks in relation to actions taken by us, our employees, distributors, agents, suppliers or affiliates that constitute violations of anti-corruption and other related laws in jurisdictions where we conduct business, which include among other things, receipt of kickbacks, bribes or other illegal gains or benefits by hospitals and medical practitioners from manufacturers, distributors, third-party promoters and retail pharmacies in connection with the prescription of

pharmaceutical products. Any allegations of such behavior against us, our employees, distributors, agents or affiliates or the pharmaceutical industry in general could generate negative publicity and materially and adversely affect our reputation and business prospects. We may be held liable for actions taken by our employees or distributors, which could expose us to regulatory investigations and penalties. Actions taken by relevant regulatory authorities or courts that provide an interpretation of laws and regulations that differs from our interpretation or that adopt additional anti-bribery, anti- corruption laws and regulations could also require us to make changes to our operations.

If we fail to successfully complete acquisitions or enhance post-acquisition performances in the future, it could have an adverse effect on our business prospects.

Our historical growth and expansion into new therapeutic areas have been supported by the acquisition of Xcovery Holdings and Anew Pharmaceuticals. We intend to pursue selective acquisitions to accelerate growth, but there is no assurance that we will be able to identify suitable targets, agree on acceptable terms, secure financing, obtain necessary governmental approvals or third-party consents, or retain key personnel of acquired businesses. Even if acquisitions are completed, we face risks that the acquired businesses may not provide the anticipated intellectual property, technology, R&D capabilities, production capacity or sales infrastructure; may have unforeseen liabilities; may not integrate successfully or achieve expected synergies; or may fail to generate anticipated revenue or profitability. Acquisitions may also result in issuance of dilutive securities, assumption of debt, one-time expenses, or future amortization of intangible assets.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. Certain construction projects require examination and approval by relevant environmental and safety authorities. We cannot assure you that such approvals will be obtained in a timely manner or at all. Delays or failures in obtaining approvals may materially and adversely affect our ability to develop, manufacture and commercialize our pipeline products.

Non-compliance with environmental, health or safety laws may result in rectification orders, fines, significant monetary damages, or production suspensions, which could materially and adversely affect our business, financial condition, results of operations and prospects. Accidental contamination, chemical or biological hazards, or personal injury at our facilities may also occur. Such events could expose us to liability for damages and clean-up costs, require temporary or permanent closure of affected facilities, and materially and adversely impact our business, financial condition, results of operations and prospects.

Any failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds may subject us to fines and other legal or administrative sanctions.

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident funds for some of our employees as required under applicable PRC laws and regulations. As of the Latest Practicable Date, we had not received any order of correction or any fines or penalties from the competent authority as a result of any such failure. However, we cannot assure you that the competent authority will not require us to rectify any non-compliance by making contribution of unpaid social insurance premium and housing provident fund or impose fine or penalty related thereto.

During the Track Record Period, our Company and some of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premium and housing provident funds for certain of our employees. As of the Latest Practicable Date, neither our Company nor our PRC subsidiaries had received any order of correction or any fines or penalties from the competent authority for its agency arrangement with third-party human resources agencies. These third-party human resources agencies have confirmed in writing that they have paid such contributions according to our agreements with them. However, if the local governments determine the use of third-party agencies to pay social insurance and housing provident funds to be non-compliant or such human resource agencies fail to pay the social insurance premium or housing provident funds for and on behalf of our employees as required by applicable PRC laws and regulations, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations.

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

There can be no assurance that we will be able to maintain a positive reputation or brand name for all our products in the future. Our reputation and the brand names of our products may be adversely affected by a number of factors, many of which are outside our control, including but not limited to adverse associations with our products, the effects of counterfeit products purporting to be our products, and negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners or otherwise relating to our products or industry. If we or the brand names of our products fail to maintain a positive reputation, our products may be perceived unfavorably by hospitals, medical professionals, regulators and patients, and our business and business prospects could be adversely affected.

Our business benefits from certain preferential tax incentives, the expiration of or changes to which could adversely affect our profitability.

We currently benefit from certain preferential tax treatments, as well as tax concessions in relation to our research and development costs. Generally, companies established in China are subject to enterprise income tax on their taxable income in China at a rate of 25%. Our Company is entitled to the preferential tax rate of 15% and certain of our subsidiaries established in China are entitled to the preferential tax rate of 20%. However, we cannot guarantee you that we will continue to receive the preferential tax treatments, which depends on a number of factors, including, but not limited to, whether our products fall within the scope of supported high and new technology, whether our research and development expenses as a percentage of revenue reach certain threshold percentages and whether our research and development staff as a percentage of total number of staff reaches certain threshold percentages. We cannot be certain of the level of preferential tax rates we will receive in the future or if certain of our subsidiaries will continue to benefit from reduced tax rate due to changes in tax laws or regulations. Our post-tax profitability and cash flows may be adversely affected as a result of one or more of these or other factors.

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

We operate in the pharmaceutical industries, which involves numerous operating risks and occupational hazards. We maintain insurance policies that are required under the PRC and the U.S. laws and regulations as well as based on our assessment of our operational needs and industry practice, including property insurance covering fixed assets and inventory, insurance for adverse events in clinical trials, safety production liability insurance, and key person insurance. See "Business — Insurance" for further details of our insurance coverage. However, our insurance coverage may be insufficient to cover any claims that we may have. For example, we are exposed to product liability risks as a result of developing, producing, marketing, promoting and selling pharmaceutical products, but we do not maintain product liability insurance, nor are we required to do so under the PRC law. Regardless of merit, such claims may be costly, divert management attention, damage our reputation, result in recalls, suspension or cessation of sales, and reduce revenue or commercialization capability. If unsuccessful in defending these claims, we may face civil or criminal liability, license revocation, or be required to recall products. In addition, there are certain types of losses, such as losses from war, acts of terrorism, health or public security hazards, earthquakes, typhoons, flooding and other natural disasters, as for which we cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, we could suffer financial losses, lose all or a portion of our production capacity, as well as future revenue anticipated to be derived from the manufacturing activities conducted at that property. If we experience any of such uninsured losses or losses in excess of our insurance coverage, it could adversely affect our financial condition and results of operations.

Certain of our Shares held by a Shareholder within the Single Largest Group of Shareholders are pledged, which may potentially affect the stability of our shareholding structure.

As of the Latest Practicable Date, Dr. DING, through Kaiming Investment, had pledged an aggregate of 49,408,500 Shares of our Company, representing approximately 11.67% of our total share capital, with a corresponding pledged amount of approximately RMB989.90 million. According to the pledge contracts provided by Kaiming Investment as of the date of this document, the pledged Shares were mainly used for refinancing previous share pledge financing and for equity investment purposes, and were not intended to transfer the ownership or control of our Company. In the event of any default under the relevant pledge arrangements, the lenders may enforce their rights against the pledged Shares. If such enforcement occurs, our Single Largest Group of Shareholders may no longer be able to maintain its current level of interest in our Company, which may adversely affect the stability of our shareholding structure and, in turn, our business operations.

Tensions in international trade and investment and rising political tensions may adversely impact our business, financial condition, and results of operations.

Since 2018, the U.S. has imposed escalating tariffs on Chinese imports, with China retaliating similarly. By April 2025, the U.S. proposed 145% additional tariffs on Chinese goods, with China responding at 125%. Both countries agreed to temporary de-escalation in May 2025, reducing additional tariffs to 30% (U.S.) and 10% (China) with further reductions in November 2025 pursuant to trade negotiations. Separately, on September 25, 2025, U.S. President Donald J. Trump announced that there would be a 100% global tariff imposed on imports of branded or patented pharmaceutical products, unless a pharmaceutical company is building a manufacturing plant in the U.S., effective from October 1, 2025. However, such scheduled tariff has been put on hold subject to further negotiations among the U.S. government and major pharmaceutical companies. Ongoing trade tensions could create challenges for international businesses through increased costs and reduced competitiveness. During the Track Record Period, we only generated minimal revenue from the U.S., accounting for nil, 1.2%, 0.6% and 0.4% of our total revenue in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively, which was mainly attributable to the milestone payments received from our U.S. collaboration partners and our commercialization of ensartinib in the U.S. Our exposure to geopolitical risks is limited and manageable. While our revenue from the United States is expected to increase following the commercialization of ensartinib in August 2025, the ensartinib drug product is currently manufactured in the United States by a local CDMO, and we only export ensartinib API to the United States. Such API imports are currently subject to a 10% tariff, and the API cost constitutes less than 35% of the total cost of sales of the final drug product. Therefore, the tariff's effect on our overall financial performance is minimal and well within a controllable range. Our domestic raw material costs remain low, and any knock-on effects from the latest tariff developments are considered negligible. Our U.S. subsidiary, Xcovery Holdings, currently sells only ensartinib and conducts its sales activities entirely within the U.S. market, insulating it from retaliatory tariffs that could be imposed by China on U.S. exports. As of the Latest Practicable Date, we did not experience any significant regulatory changes or obsolescence regarding our clinical development, regulatory filings, and commercialization plans. Considering the above-mentioned de minimis financial and operational exposure, and further taking into account our increasing commercialization activities and expansion plans and anticipated revenue increase in the United States, our Directors are of the view that the latest developments in geopolitical tensions and the imposition of trade restrictions (i) have not had a historic material adverse effect on our business, financial condition, or results of operations during the Track Record Period and up to the Latest Practicable Date, and (ii) are not expected to have a material adverse impact on our future business operations or financial performance. Based on the foregoing facts and the view from the Company, and taking into account: (i) the minimal impact of the relevant tariff on the Company's overall financial performance, (ii) the fact that the Company has not experienced any material adverse impact from geopolitical tensions, specifically with regard to its U.S. sales or global supply chains, (iii) the fact that Xcovery Holdings, which currently sells only ensartinib, conducts its sales activities entirely within the U.S. market, insulating it from retaliatory tariffs that could be imposed by China on U.S. exports, the Sole Sponsor concurs with the Company's view that the geopolitical tensions and trade restrictions have not had a material adverse effect on the Company's business, financial condition, or results of operations, and are not expected to have such an effect in the future. Notwithstanding the foregoing, we cannot predict the direction, timing or extent of future changes in trade policies or tariff measures. If there are material changes to such policies or tariffs, we cannot assure you that such changes will not have a material adverse impact on our business operations or financial performance, depending on the scale of our overseas transactions.

China has implemented countermeasures beyond tariffs. On June 10, 2021, the SCNPC passed the Countering Foreign Sanctions Law, effective immediately, enabling regulators to respond to foreign sanctions and allowing civil actions for damages. The competent department of the State Council may place individuals and organizations involved in discriminatory measures on the Countermeasure List, which may face restrictions on commercial transactions with entities in China. All organizations and individuals in China must comply or face legal liability.

On August 9, 2023, the U.S. issued an ANPRM on outbound investment controls in China, Hong Kong, and Macau. The Final Rule, effective January 2, 2025, restricts U.S. persons from certain investments in "Covered Foreign Persons" engaged in semiconductors, quantum information technologies, and AI systems. Although we do not currently believe we qualify, U.S. authorities could deem us a Covered Foreign Person in the future, potentially limiting our ability to raise capital from U.S. investors and adversely affecting our business and share value.

Additionally, on February 21, 2025, the U.S. issued the "America First Investment Policy," indicating potential new restrictions on U.S. outbound investment in sectors including biotechnology, AI, semiconductors, quantum, advanced manufacturing, and directed energy. These restrictions may extend to partnerships, licensing, technology transfers, and even publicly traded

securities, creating compliance burdens and operational uncertainty. Ongoing trade disputes may increase costs for importing advanced R&D equipment or materials or restrict their export. Changes in geopolitical relations could alter the behavior or preferences of service providers and collaboration partners. Such developments could materially and adversely affect our business, financial condition, results of operations, cash flows, and prospects.

We are subject to various governmental approvals and compliance requirements for our land and properties.

For our production facilities and other premises, we must obtain various permits, certificates and other approvals from the relevant administrative authorities at various stages of property development. We may in the future encounter problems with fulfilling the conditions precedent to the receipt of certain of those permits, certificates and approvals, and we may not always be able to obtain them in a timely manner, or at all.

As of the Latest Practicable Date, 12 of our lease agreements for properties leased in the PRC had not completed lease registration with relevant regulatory authorities. Non-registration of lease agreements does not affect the validity of such lease agreements. However, pursuant to the requirements of the Administrative Measures for Commodity House Leasing and relevant local rules, we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations imposed by local authorities. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our cost, in the future.

Changes in geopolitical relationships, barriers to trade or escalation of trade disputes, including the imposition of trade restrictions and sanctions, could negatively affect demand for our products and services.

Our global operations are subject to the risk of deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges. We cannot predict whether the countries in which we operate, or may operate in the future, would become subject to new or additional trade restrictions and sanctions, including the type or effect of such restrictions and sanctions imposed by the United States or other governments. We cannot assure you that we, our research partners, our suppliers and customers, or the global value chains we serve will not be impacted in the future. Any impacts may result in our customers seeking other suppliers for the products and services that we offer, and we may also have to adjust or even terminate our collaborations with our research and other business partners, which could disrupt our research and development and commercialization strategies. Further, any increased customs restrictions and tariffs or quotas, or the imposition of additional duties and other charges on imports and exports could change the way we and our customers conduct business, increase our costs, or impede the timely delivery of our products. This could have a negative effect on our business, financial condition, results of operations and prospects.

In particular, certain activities related to drugs, biologics, and research, especially with regard to China, have come under increased scrutiny in the United States. Chinese CROs and CDMOs may become subject to legislation, trade restrictions, sanctions, tariffs and other regulatory requirements by the U.S. government, which could restrict or even prohibit our ability to work with such entities. For example, the United States has recently passed legislation, namely the BIOSECURE Act (the "**BIOSECURE Act**"), to prohibit U.S. federal executive agencies from procuring or obtaining any biotechnology equipment or service produced or provided by a "biotechnology company of concern", or entering into or renewing a contract, loan, or grant with an entity that uses such biotechnology service or equipment. For details, see "Regulatory Overview — Overview of Laws and Regulations in the United States — The BIOSECURE Act."

On October 9, 2025, the U.S. Senate passed a revised version of the BIOSECURE Act as an amendment to the National Defense Authorization Act ("**NDAA**") for the year of 2026. The final version of the NDAA containing this legislative language was passed by the Senate and House of Representatives and signed into law by President Trump on December 18, 2025. The Act prohibits the U.S. Government from procuring or obtaining biotechnology equipment or services produced or provided by a "biotechnology company of concern" ("**BCC**"); entering into, extending, or renewing government contracts with an entity that directly or indirectly (e.g., via a subcontractor) uses biotechnology equipment or services from a BCC in performance of that federal contract; and/or issuing grants or loans to purchase, obtain, or use biotechnology equipment or services produced by a BCC. The Act also prohibits U.S. government loan and grant recipients from using federal loan or grant money to enter into contracts with entities that use equipment from BCCs in the

performance of any federal prime contract or subcontract. Companies designated as a BCC include those that are identified on the U.S. Department of Defense's annual List of Chinese Military Companies, also known as the 1260H List, and the U.S. Government also has the ability to designate entities as BCCs through a separate designation process.

One of our suppliers ("Supplier E") during the Track Record Period was identified as a BCC in a prior proposed version of the BIOSECURE Act. However, under the final enacted version, Supplier E is not considered a BCC, as it is not currently included on the 1260H List and has not been designated as a BCC through separate designation process by the U.S. Government. In the event that Supplier E is designated as a BCC, we believe we would be able to identify and engage qualified alternatives at competitive market rates in a timely manner. Our successful collaborations with various CRO and CDMO service providers demonstrate our ability to transition between suppliers efficiently with minimal operational impact. Further, as of the Latest Practicable Date, we are not a party to any agreements with entities on the 1260H List, nor are we a party to any contracts with the U.S. government or a recipient of any U.S. federal funding. Based on the foregoing, our Directors are of the view that the BIOSECURE Act would not have a material adverse impact on our business, financial condition, or results of operations. We will continue to monitor legislative developments and take reasonable steps to achieve compliance and reduce regulatory and business risk.

Notwithstanding the foregoing, there is no guarantee that the evolving legislation would not apply to or impact certain biotechnology equipment or services that we procure or use. As a result, any continued use of such biotechnology equipment or services provided or produced could affect our ability to continue our development or the third parties that we may contract with, which may, in turn, affect our business operations. Moreover, because the provisions remain subject to change, the potential scope, timing and impact of any final legislation are uncertain and could be more restrictive than currently anticipated. Consequently, we may need to re-evaluate or adjust our established supply chains from time to time. The need to re-evaluate our supply chain contracts may impose additional costs and operational complexities on our business, including, among other things, an examination and potential modification to existing personnel and expertise, and examination of our existing contracts, and a re-assessment of our current suppliers in order to identify possible alternative sources of supply. We may not be able to identify alternative sources of supply with competitive prices and terms and satisfactory quality in a timely manner, and any disruption to our established supply chains may lead to delays in procurement, production, and delivery, all of which could have a material adverse effect to our business, financial condition and results of operation.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in political, economic and other policies of the jurisdictions where we operate could have a material adverse effect on our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects are affected by economic and legal developments in jurisdictions where we operate. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. In addition, the laws and regulations relating to pharmaceutical industry also evolve from time to time. We currently do not experience or foresee any potential material adverse impact of changes in these regulations on our business operations. However, as regulations may be generally evolving, we cannot assure you if our business operations will not be adversely affected in the future.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated under the laws of China, and substantially all of our assets, Directors and senior management are located there. As a result, it may be difficult for [**REDACTED**] to effect service of process outside China. On January 14, 2019, the Supreme People's Court and the Hong Kong SAR Government signed 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, under which Hong Kong court judgments may generally be recognized and enforced in the PRC even without a written choice of court agreement. However, we cannot guarantee that all judgments from Hong Kong courts will be recognized and enforced in the PRC. The recognition and enforcement of a specific judgment are subject to a case-by-case examination by the relevant court in accordance with the New Arrangement.

Holders of H Shares and dividends on the H Shares may be subject to PRC income taxes.

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

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to us and our PRC subsidiaries as part of our efforts to encourage the development of local businesses. We recognized RMB46.8 million, RMB28.0 million, RMB42.5 million, RMB29.3 million and RMB31.2 million of government grant income in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. Local governments may decide to reduce or eliminate incentives at any time. In addition, most of the government grants were one-off subsidies during the Track Record Period, and some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (the "Scientific Data Measures"), which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, where scientific data involving state secrets needs to be provided to foreign parties during the relevant foreign contacts and cooperation, corporate entities shall provide the type, scope and usage of the scientific data, and submit the information to the competent authorities for approval according to the specified procedures for confidentiality management. Upon approval by the competent authorities, corporate entities shall undergo the required procedures, and enter into the confidentiality agreements with the users of the scientific data. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given that the term "state secret" is not clearly defined, if and to the extent our R&D of medical drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. For further details, see "Regulatory Overview — Regulations in Relation to Information Security and Data Privacy." If we are unable to obtain necessary approvals or comply with the regulatory requirements in a timely manner, or at all, our R&D of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial condition and prospects. If the relevant government authorities consider the transmission of our scientific data or collection to be in violation of the requirements under applicable PRC laws and regulations, we may be subject to fines and other administrative penalties imposed by those government authorities.

To the extent that any of our cross-border data transfers meet the requirements under the Measures for Security Assessment of Data Export (《數據出境安全評估辦法》) and the Provisions on Facilitating and Regulating Crossborder Data Flows (《促進和規範數據跨境流動規定》) for declaring security assessment and fail to complete this assessment, we may not be able to carry out such transfers, which could adversely affect our ability to conduct out-licensing transactions or obtain overseas regulatory approvals for our drugs, among others, in a timely manner, or at all. Any failure to timely complete the standard contract filing for cross-border data transfers could also subject us to penalties.

Laws and regulations over foreign currency conversion and on the remittance of funds into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends.

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency into and out of China are subject to PRC foreign exchange regulations. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If we cannot obtain sufficient foreign currencies under the current foreign exchange control system to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

RISKS RELATING TO THE [REDACTED]

The characteristics of the A share and H share markets may differ.

Our A Shares were listed on the Shenzhen Stock Exchange in 2016. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [**REDACTED**] on the Hong Kong Stock Exchange. Under current PRC laws and regulations, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [**REDACTED**] or settlement between the H share and A share market. With different [**REDACTED**] characteristics, the H share and A share market have divergent [**REDACTED**], liquidity and [**REDACTED**] bases, as well as different levels of retail and institutional [**REDACTED**] participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa. Due to the different characteristics of the H share and A share market, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the prior [**REDACTED**] history of our A Shares when evaluating an [**REDACTED**] in our H Shares.

There has been no prior [REDACTED] for our H Shares and an active [REDACTED] for our H Shares may not develop or sustain.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. The initial [**REDACTED**] for our H Shares was the result of negotiations among our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] for our H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of, and permission to [**REDACTED**], our H Shares (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) on the Hong Kong Stock Exchange. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**] or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**].

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 H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurances that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. In order to expand our business, we may consider [**REDACTED**] additional Shares in the future. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your

ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. Issuance of additional Shares, or the possibility of such issuance, may cause dilution to our shareholders if we issue additional Shares at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares, and may cause the [**REDACTED**] of our H Shares to decline.

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

The price and [**REDACTED**] of our H Shares may be highly volatile as a result of various market, industry or business factors. Some of these factors are beyond our control, including but not limited to results of clinical trials of our drug candidates and results of our applications for approval of our drug candidates, and actual or anticipated fluctuations in our revenue, earnings, cash flows, investment and expenditures. Moreover, the securities market has from time to time experienced significant price and volume volatility that were unrelated or not directly related to the operating performance of the underlying companies, and it is possible that our Shares may be subject to changes in price not directly related to our performance. These broad market and industry fluctuations may have a material and adverse effect on the [**REDACTED**] and [**REDACTED**] of our H Shares.

There can be no assurances that we will declare and distribute any amount of dividends in the future.

Under PRC law and regulations, we may only pay dividends out of distributable profits, which are our after-tax profits as determined under PRC GAAP, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to pay dividends, even in years when our financial statements show profitability. Undistributed profits are retained and may be available for distribution in future periods. Our operating subsidiaries and joint ventures in China may also lack distributable profits under PRC GAAP, which could limit our ability to receive distributions and, in turn, pay dividends to Shareholders. There can be no assurance that future dividends will be declared or paid, as the declaration and amount of any dividends are at the discretion of our Directors and depend on our operations, earnings, financial condition, cash requirements, constitutional documents, and applicable law.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

Following the listing of our A Shares on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the China. As a result, from time to time we publicly release information, including financial statements and financial data, relating to us on the Shenzhen Stock Exchange or other media outlets designated by the Shenzhen Stock Exchange or the CSRC or other regulatory bodies. However, the information announced by us in connection with our A Shares is based on regulatory requirements of the securities authorities and market practices in the China which are different from those applicable to the [**REDACTED**]. Such information does not and will not form a part of this document. As a result, prospective [**REDACTED**] in our H Shares are reminded that, in making their [**REDACTED**] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

Facts, forecasts and statistics obtained from official government sources in this document relating to the pharmaceutical industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the pharmaceutical industry in and outside China are obtained from various sources, comprising information provided or published by government agencies. We can guarantee neither the quality nor reliability of any source materials from official government policies. We have no reason to believe that information from official government sources is false or misleading or that any fact has been omitted that would render information from official government sources false or misleading. However, neither we, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**] nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from official governmental sources. Therefore, we make no representation as to the accuracy of such facts, forecast and statistics.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media coverage regarding us, our business, our Shareholders and management team, our industries, our Shares and the [REDACTED].

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**].

None of us, the Sole Sponsor, the [**REDACTED**], or any other person involved in the [**REDACTED**] have authorized the disclosure of any such information in the press or media and none of these parties accept any responsibility for the accuracy or completeness of the information contained in such press articles and/or other media or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our Shares, the [**REDACTED**], our business, our industries or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such projections, valuations, information, forecasts, views or opinions expressed or any such publications. To the extent that such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.