

SUMMARY

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

OVERVIEW

We are a biopharmaceutical company focused on discovering and developing gene therapies for neurological and ophthalmic diseases. Our pipeline also includes oligonucleotide-based therapeutics. Established in 2019, we have built a pipeline of nine product candidates with our fully integrated in-house R&D platform. Through this platform, we have internally developed two core products (EXG102-031 and EXG001-307 for SMA Type 1) and one key product (EXG202). EXG102-031 is a product candidate for the treatment of Wet Age Related Macular Degeneration (wAMD) and EXG001-307 (SMA Type 1) is a product candidate for the treatment of Spinal Muscular Atrophy (SMA) Type 1. EXG202 is a product candidate for the treatment of fundus neovascularization diseases, including wAMD, diabetic macular edema (DME) and retinal vein occlusion (RVO). For EXG102-031, we have conducted two clinical trials in China and the United States. In China, all subjects completed the 52-week follow-up for Phase IIa trial in May 2026. The Phase IIb/III trial is expected to commence in the second half of 2026. In the United States, Phase I clinical trial has been completed and the clinical database has been locked since March 20, 2026. For EXG001-307 (SMA Type 1), we have completed the entire Phase I/II clinical trial in SMA Type 1 patients. We plan to initiate the discussion with the regulatory authority for the pivotal Phase III trial design in the second half of 2026. EXG202 is currently being evaluated in two ongoing clinical trials in the United States and China. In the United States, we obtained the IND approval from FDA in July 2025 and we plan to bypass the U.S.-based Phase I study and directly proceed to a Phase II trial by leveraging Phase I data generated in China. In China, we obtained the approval from NMPA in August 2025 to initiate a combined Phase I/II clinical study. The Phase IIa clinical trial was initiated in March 2026 and the Phase IIb clinical trial is expected to occur in the second half of 2026.

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WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCTS OR ANY OF OUR OTHER PIPELINE PRODUCTS.

The following chart shows the pipeline of product candidates we have under development. All drug candidates listed in this pipeline chart were discovered internally by our research and development team:

Product	Indications	Target	Route of Administration	Monotherapy or combination therapy	Trial Locations	Line of Treatment	Self-developed, Licensed-in	Development Stage			Expected Upcoming Milestone	In indications
								IND & IND Preparation	Phase I	Phase II	Phase III	
★ EXG102-031	wAMD	VEGF/PlGF/Ang2	SubR	Monotherapy	China, USA	Albercept, Bevacizumab, Brinzonamide, Faricimab, ranibizumab, Conbercept	Self-developed				2024H1 Phase III start	China, USA
☆ EXG202	wAMD										2024H2 Phase I start	China, USA
	DME	VEGF/PlGF/Ang2	IVT	Monotherapy	China	Albercept, Bevacizumab, Brinzonamide, Faricimab, ranibizumab, Conbercept	Self-developed				2024H1 Phase I start	China, USA
	RVO										2024H2 Phase I start	China, USA
EXG113	dry AMD	Complement factors	IVT	Monotherapy	China	Pegcetacoplan and Avacincaptad pegol	Self-developed				IND submission TBD	China, USA
★ EXG001-307	SMA Type 1	SMN1	IV	Monotherapy	China	Nusinersen, Onasemnogene Asepavovec (Zolgensma), IVISMA-1, Risdiplam	Self-developed				2024H2 Phase III regulatory alignment	China, USA, Europe, Japan
EXG112	Chronic Pain	Noc 1.7	IT	Monotherapy	China	NSAIDs, acetaminophen, anticonvulsants, opioids	Self-developed				2027H1 IT start	China, USA
EXG115	Alzheimer's Disease	Tau	IV or SubQ	Monotherapy	China	Aricept, Exelon, Razadyne, Namenda, Legendis and Kisunla	Self-developed				IND submission TBD	China, USA
EXG116	Rett Syndrome	MECP2	IV or IT	Monotherapy	China	Trofuside	Self-developed				2028H2 ITT	China, USA
EXG110	Fabry Disease	GLA	IV	Monotherapy	China	Fabrazyme, Galafold, Ellfibrio	Self-developed				Phase I completion	China, USA
EXG111	DMD	Dystrophin	IV	Monotherapy	China	Emflaza, Aгамree, Exondys 51, Vyondys 53, Vilepro, Amondys 45, Elevidys	Self-developed				2024H2 IND submission	China, USA

★ Core Products SMA: Spinal Muscular Atrophy DME: Diabetic Macular Edema DMD: Duchenne Muscular Dystrophy IV: Intravenous Injection SubR: Subretinal Injection IND: Investigational New Drug
☆ Key Product wAMD: wet Age-related Macular Degeneration RVO: Retinal Vein Occlusion IT: Intrathecal Injection IVT: Intravitreal Injection IIT: Investigator Initiated Trial SubQ: Subcutaneous Injection

Notes:

- (1) EXG202 for DME/RVO plans to engage with the NMPA to progress directly to Phase II, supported by wAMD data.
- (2) VEGF includes VEGF-A, -B, -C and -D
- (3) Abbreviations: H1 = first half; H2 = second half; TBD = to be determined

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OUR PIPELINE PRODUCT CANDIDATES

Core Products

EXG102-031

wAMD is a severe form of age-related macular degeneration (AMD), an eye disease that causes severe visual impairment or even blindness in the elderly. There are about 21.6 million wAMD patients globally and 4.0 million wAMD patients in China in 2025. Current therapies require repeated dosing, and in real-world clinical practice, adherence to these intensive regimens is suboptimal. Besides, existing therapies do not provide comprehensive suppression of all key angiogenic pathways (VEGF A/B, VEGF-C/D, PlGF, and Ang2), which may allow compensatory upregulation, contributing to persistent or recurrent exudation and reduced therapeutic durability. By supporting sustained intraocular expression following a single subretinal administration, EXG102-031 provides durable control of neovascular growth, vascular leakage and retinal edema while substantially reducing reliance on frequent intravitreal anti-VEGF injections and associated real-world treatment burdens.

EXG102-031 received IND approval from the FDA in January 2023 and from the NMPA in June 2023. We are conducting a Phase I/II clinical trial of EXG102-031 in China and separate Phase I and Phase II clinical trials in the United States to evaluate its safety, tolerability and preliminary efficacy in patients with wAMD. In the United States, the Phase I clinical trial was completed in March 2026. As of the Latest Practicable Date, EXG102-031 has demonstrated excellent safety and significant efficacy in clinical studies. For details, see “Business — Our Product Pipeline — EXG102-031-Core Product Candidate — Competitive Advantage” in this document.

EXG001-307 (SMA Type 1)

SMA Type 1 is a rare, severe, and life-threatening neuromuscular disorder caused by insufficient levels of survival motor neuron (SMN) protein and is one of the most common fatal genetic diseases in infants and young children, with an estimated incidence of one in 6,000 to 10,000 live births. There are about 176.9 thousand SMA patients globally and 41.0 thousand SMA patients in China in 2025. As of the Latest Practicable Date, available disease-modifying therapies (DMTs) for SMA fall into three main categories: adeno-associated virus (AAV)-based gene therapy, antisense oligonucleotide (ASO), and small-molecule therapies. These traditional treatments are limited by insufficient treatment adherence, limited neuronal SMN targeting or high treatment costs.

EXG001-307 (SMA Type 1), a differentiated product candidate for the treatment of SMA Type 1, a rare disease with relatively limited patient population and prevalence rate, is designed to lower the risk of systemic exposure and improve overall safety while maintaining efficacy in restoring physiologically balanced expression of SMN in motor neurons across the central nervous system, which are the key limitations of currently available gene therapies for SMA. EXG001-307 (SMA Type 1) incorporates a neuron-preferential promoter intended to achieve targeted expression of the SMN gene within the central nervous system while reducing expression in peripheral tissues such as the liver and heart. This design aims to lower the risk of systemic exposure and improve overall safety while maintaining efficacy in restoring physiologically balanced expression of SMN in motor neurons across the central nervous system. EXG001-307 (SMA Type 1) is designed as a single-dose intravenous therapy to provide durable SMN restoration in motor neurons, reducing the need for repeated procedures or lifelong administration. EXG001-307 (SMA Type 1) received IND approval from the NMPA for the treatment of SMA Type 1 in June 2022. We have completed a Phase I/II clinical trial of EXG001-307 (SMA Type 1) through IV administration in China to evaluate its safety, tolerability, and preliminary efficacy in patients with SMA Type 1. Clinically, EXG001-307 (SMA Type 1) has demonstrated a tolerable safety profile and a significant efficacy compared with the reported data of approved SMA therapies. For details, see “Business — Our Product Pipeline — EXG001-307 (SMA Type 1) — Our Core Product Candidate — Competitive Advantage” in this document.

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Key Product

EXG202

Fundus neovascularization disease refers to a group of eye disorders that affect vision due to pathological changes in the back of the eye caused by abnormal neovascular growth. Major fundus neovascularization diseases include wAMD, DME, and RVO. There are about 85.1 million fundus neovascularization disease patients globally and 20.2 million fundus neovascularization disease patients in China in 2025. Overall, limitations of anti-VEGF therapies in terms of durability, pathway breadth, injection frequency, long-term safety and incomplete anatomical response underscore an important need for new therapeutic modalities capable of multi-pathway suppression with fewer interventions. Wild-type AAV capsids demonstrate poor inner limiting membrane (ILM) penetration and restricted retinal distribution, resulting in variable or suboptimal transgene expression. The EXG202 capsid, developed through our proprietary *AAVarta* AI-assisted evolution platform, is engineered for enhanced traversal of the ILM to achieve deeper and broader retinal transduction. In addition to the superior capsid, the expressed transgene product from EXG202 enables coordinated inhibition of all key angiogenic pathways, thereby limiting compensatory mechanisms. For details, see “Business — Our Product Pipeline — EXG202 — Key Product Candidate — Competitive Advantage” in this document.

EXG202 is currently being evaluated in two ongoing clinical trials in the United States and China. In the United States, we obtained the IND approval from FDA in July 2025 and we plan to bypass the U.S.-based Phase I study and directly proceed to a Phase II trial by leveraging Phase I data generated in China. In China, we obtained the approval from NMPA in August 2025. The Phase IIa clinical trial was initiated in March 2026 and the Phase IIb clinical trial is expected to occur in the second half of 2026. In parallel with the IND trial, we are conducting an investigator-initiated trial (IIT) of EXG202 to obtain early insights into safety, tolerability and biological activity following intravitreal administration in patients with wAMD. As of the Latest Practicable Date, EXG202 has demonstrated excellent safety and preliminary efficacy in clinical studies.

Other Drug Candidates

Our pipeline also includes six other gene therapy drug candidates and oligonucleotide-based drug candidates. Aside from EXG110, all of these drug candidates are still in the IND or IND preparation stage. For details, see “Business — Our Product Pipeline” in this document.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and will continue to differentiate us from our competitors: (i) The first and only ophthalmic gene therapy in the world targeting all key angiogenic pathways (VEGF A/B, VEGF-C/D, PlGF, and Ang2); (ii) An innovator in SMA gene therapy, with differentiated product candidate in the world; (iii) AI-assisted, clinically validated vector design enabling well-performing gene therapy candidates; (iv) Developing oligonucleotide therapeutics for highly prevalent diseases; (v) Solid manufacturing process in the gene therapy industry; and (vi) Capable and experienced senior management team.

OUR BUSINESS STRATEGIES

To achieve our goals, we intend to pursue the following business strategies: (i) Advance differentiated therapies with global development pathways; (ii) Accelerate platform-driven expansion and into highly prevalent diseases; (iii) Deliver superior safety, durability, and patient convenience; (iv) Build scalable, high-quality, and cost-efficient manufacturing process; and (v) Drive commercial readiness and enable global market access.

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OUR PLATFORMS

We have established a dual technology platform consisting of *AAVarta* and *SODA* that covers the two core aspects of gene therapy: “precise delivery” and “gene regulation”. Precise and efficient delivery is fundamental to the success of any therapeutic and is particularly critical in gene therapy, where clinical efficacy is largely determined by vector performance. We have developed a proprietary, AI-assisted platform, *AAVarta*, designed to discover and optimize gene delivery vectors to address the limitations of wild-type AAV capsids, which often lack sufficient efficiency and selectivity for disease-relevant organs and tissues.

The *SODA* platform is a validated gene-silencing design and optimization engine dedicated to the development of oligonucleotide-based therapeutics and modulatory gene therapy. It systematically advances candidates from rational design through preclinical validation, enabling efficient translation toward clinical development.

Collectively, the *AAVarta* and *SODA* platforms operate in close collaboration, synergizing expertise across gene therapy vector design, oligonucleotide engineering, and sequence optimization for efficient *in vivo* delivery. Together, they form the integrated technological backbone for a new generation of therapies, combining efficacy, safety, and versatility across both modalities.

RESEARCH & DEVELOPMENT PERSONNEL

Our R&D personnel are primarily based in Hangzhou and Guangzhou, China. The Hangzhou team focuses on the research and development of oligonucleotide-based therapeutics (including ASO, siRNA, and the AOC platform). The Guangzhou team is mainly dedicated to the clinical development and application of gene therapy products. The Hangzhou and Guangzhou teams collaborate closely in areas such as target selection, animal model development, preclinical research, and CMC process development. For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses were RMB145.0 million, RMB103.9 million, RMB57.4 million and RMB53.4 million, respectively, representing 87.3%, 85.3%, 87.2% and 76.7% of our total operating expenses for the corresponding periods.

For the years ended December 31, 2024 and 2025 and six months ended June 30, 2025 and 2026, R&D expenses incurred for EXG102-031, one of our Core Products, were RMB30.9 million, RMB26.5 million, RMB15.5 million and RMB16.8 million, respectively, accounting for 21.3%, 25.5%, 27.1% and 31.5% of our total R&D expenses for the corresponding periods. Although our total R&D expenses in 2025 were lower than in 2024, primarily due to decreases in share-based payment, salaries and benefits and depreciation, the trial and testing expenses of EXG102-031 increased by approximately RMB1.6 million for the year ended December 31, 2025 compared with the same period in 2024 mainly because there were more cumulative patient visits in 2025 than in 2024. The R&D expenses for EXG102-031 increased from RMB15.5 million for the six months ended June 30, 2025 to RMB16.8 million for the six months ended June 30, 2026, primarily due to higher labor costs as a result of the grant of ESOP in April 2026.

For the years ended December 31, 2024 and 2025 and six months ended June 30, 2025 and 2026, R&D expenses incurred for EXG001-307 (SMA Type 1), the other Core Product, were RMB42.7 million, RMB30.4 million, RMB16.9 million and RMB11.4 million, respectively, accounting for 29.5%, 29.3%, 29.5% and 21.3% of our total R&D expenses for the corresponding periods. The R&D expenses for EXG001-307 decreased from RMB42.7 million in 2024 to RMB30.4 million in 2025 reflecting differences in clinical development stages and ad hoc manufacturing needs. In 2024, approximately 80% of the main study visits of the patients were completed, corresponding to higher clinical costs in 2024. As of November 30, 2025, the remaining 20% of main study visits had been finished. Since clinical expenses are accrued based on patient visit progress, as such clinical expenditures for this program in 2025 decreased compared with 2024. In addition to the clinical expenses, in 2024, we commissioned a new batch of clinical products and recognized related expenses of RMB5.2 million in that year, because previously manufactured clinical supply for the purpose of IND submission had been depleted. As a result, R&D expenses for EXG001-307 for the

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years ended December 31, 2025 decreased compared to the same period in 2024. The R&D expense for EXG001-307 decreased from RMB16.9 million for the six months ended June 30, 2025 to RMB11.4 million for the six months ended June 30, 2026, primarily due to reduced labor costs as only follow-up work for a limited number of patients remained in the first half of 2026.

COMMERCIALIZATION

We plan to launch our Core Products EXG102-031 and EXG001-307 (SMA Type 1) and our Key Product EXG202 in 2032, 2030 and 2032, respectively. We will employ a strategic marketing model to increase our market penetration, to promote our products and to achieve geographical and channel coverage. For details, see “Business — Commercialization”.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we (i) owned six issued patents in China and one issued patent in Macao, and (ii) filed ten published patent applications in China, 16 published PCT patent applications that are currently active, and 14 published patent applications in the U.S. and other jurisdictions relating to certain of our product candidates and platform technologies. See “Business—Intellectual Property” for details of the material granted patents and filed patent applications by our Company in connection with our clinical and preclinical product candidates.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized products and therefore no sale of products to customers. In 2025, we generated revenue from providing research and development services for an overseas customer, Customer A, which is a multinational pharmaceutical company. The customer engaged us to provide rAAV with our proprietary vectors to test the effect of our vectors on its product efficacy. For further details, please refer to “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue” in this document. During the Track Record Period, our suppliers primarily consisted of (i) CROs who provide third-party contracting services for research and development, (ii) suppliers of equipment and devices for our drug development, (iii) suppliers of office space, laboratory and manufacturing facilities, and (iv) professional service providers. Our purchases from our five largest suppliers amounted to RMB30.4 million for 2024, RMB14.9 million for 2025 and RMB8.3 million for the six months ended June 30, 2026, representing 61.0%, 45.7% and 51.0% of our total purchases for the respective periods. Our purchases from our largest supplier alone accounted for 29.4%, 22.7% and 29.2% of our total purchases for 2024, 2025 and the six months ended June 30, 2026, respectively. Except for Hangzhou CoJourney, all of our five largest suppliers during the Track Record Period were Independent Third Parties. Save for Dr. Wu, Dr. Ye and Ms. Wang, each of whom is indirectly interested in the equity of Jiaying CoJourney, none of our Directors, their respective associates nor any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period. For details, see “Relationship with Controlling Shareholders — Other Business or Interest of Controlling Shareholders” in this document.

SUMMARY OF FINANCIAL INFORMATION

The summary of financial information should be read together with our audited consolidated financial information for the years ended and as of December 31, 2024 and 2025 and the six months ended and as of June 30, 2026 set out in Appendix I to this document, including the accompanying notes and the information set forth in “Financial Information” in this document.

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Summary of Consolidated Statements of Profit or Loss

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)	(RMB'000)
Revenue	–	1,299	–	–
Cost of sales	–	(1,169)	–	–
Gross profit	–	130	–	–
Other income	61,709	13,398	5,892	2,909
Impairment losses under expected credit loss model (“ECL”), net of reversal . .	(2,301)	(99)	(138)	162
Other gains and losses	2,965	(859)	233	(1,882)
Fair value change of financial liabilities at fair value through profit or loss (“FVTPL”) and convertible loan notes	(105,195)	(706,791)	(21,196)	(304,456)
Administrative expenses	(21,151)	(17,831)	(8,455)	(16,175)
[REDACTED] expenses	–	(6,707)	–	(7,529)
Research and development expenses	(144,967)	(103,863)	(57,373)	(53,370)
Other expenses	(8,667)	(3,155)	(1,375)	(815)
Finance costs	(2,197)	(1,125)	(906)	(63)
Loss before tax	(219,804)	(826,902)	(83,318)	(381,219)
Income tax expense	–	–	–	–
Loss for the year	(219,804)	(826,902)	(83,318)	(381,219)

Our loss for the year increased from RMB219.8 million for 2024 to RMB826.9 million for 2025 primarily due to the significant increase of RMB601.6 million in fair value change of financial liabilities at fair value through profit or loss and convertible loan notes. Our loss increased from RMB83.3 million for the six months ended June 30, 2025 to RMB381.2 million for the six months ended June 30, 2026, primarily due to the significant increase of RMB283.3 million in fair value change of financial liabilities at fair value through profit or loss and convertible loan notes.

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Summary of Consolidated Statements of Financial Position

	As of December 31,		As of
	2024	2025	June 30,
	(RMB'000)	(RMB'000)	2026
			(RMB'000)
NON-CURRENT ASSETS			
Property and equipment	31,134	18,397	14,046
Right-of-use assets	6,007	3,592	1,959
Intangible assets	112	150	97
Finance lease receivables	600	—	—
Prepayment on acquisition of non-current assets	1,838	—	—
Prepayment and other receivables	1,188	2,190	3,239
Amount due from related parties	40,461	27,490	27,979
Time deposits	30,000	—	—
	<u>111,340</u>	<u>51,819</u>	<u>47,320</u>
CURRENT ASSETS			
Inventories	3,365	2,670	2,039
Finance lease receivables	555	587	290
Prepayment and other receivables	5,574	5,957	7,216
Amounts due from related parties	14,007	17,474	15,170
Financial assets at FVTPL	40,127	68,235	90,287
Time deposits	50,319	31,417	—
Restricted bank deposits	300	—	6,000
Cash and cash equivalents	278,620	191,066	138,209
	<u>392,867</u>	<u>317,406</u>	<u>259,211</u>
CURRENT LIABILITIES			
Trade and other payables	29,728	30,497	19,946
Amounts due to related parties	2,989	30	1,144
Bank borrowings	53,758	—	—
Financial liabilities at FVTPL	1,774,141	2,450,780	2,745,764
Lease liabilities	3,913	2,479	826
Convertible loan notes	128,276	178,428	187,900
	<u>1,992,805</u>	<u>2,662,214</u>	<u>2,955,580</u>
NET CURRENT LIABILITIES	<u>(1,599,938)</u>	<u>(2,344,808)</u>	<u>(2,696,369)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(1,488,598)</u>	<u>(2,292,989)</u>	<u>(2,649,049)</u>
NON-CURRENT LIABILITIES			
Other payables	155	—	—
Lease liabilities	2,058	319	17
Deferred income	795	139	46
	<u>3,008</u>	<u>458</u>	<u>63</u>
NET LIABILITIES	<u>(1,491,606)</u>	<u>(2,293,447)</u>	<u>(2,649,112)</u>

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Upon the [REDACTED], our preferred shares will automatically convert into ordinary shares and will no longer be treated as financial liabilities. As such, we do not expect to continue to record net current liabilities following the [REDACTED]. See “Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position” in this document for details.

See “Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position” in this document for reasons of fluctuations in our net current liabilities and net liabilities.

Summary of Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
			(unaudited)	
Net cash used in operating activities	(67,572)	(71,816)	(49,522)	(58,569)
Net cash from investing activities	150,257	26,218	77,157	11,322
Net cash used in financing activities	(1,550)	(40,121)	(27,427)	(3,474)
Net increase/(decrease) in cash and cash equivalents	81,135	(85,719)	208	(50,721)
Cash and cash equivalents at beginning of the year/period .	196,784	278,620	278,620	191,066
Effect of exchange rate changes .	701	(1,835)	(266)	(2,136)
Cash and cash equivalents at end of the year/period	278,620	191,066	278,562	138,209

We recorded net operating cash outflows for 2024 and 2025. Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses; and (ii) capital expenditures. Taking into account our cash and cash equivalents and financial products we purchased, and assuming monthly net cash used in operating activities and capital expenditures going forward of 1.8 times the average level in 2025, we estimate we will be able to maintain our financial viability for 21 months without considering the estimated [REDACTED] from the [REDACTED]; or if we also take into account the estimated [REDACTED] from the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low-end of the indicative [REDACTED] Range), 102 months. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status. See “Financial Information — Cash Flow Analysis” for a detailed discussion of our cash burn rate and working capital sufficiency.

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Cash Operating Costs

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	Year ended December 31,		As of June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Costs relating to research and development of our Core Products				
Pre-clinical development expenditure	13,995	10,274	4,752	3,336
Clinical development expenditure	16,410	16,044	9,465	7,566
Labor costs	24,164	16,381	9,683	6,586
Subtotal	54,569	42,699	23,900	17,488
Costs relating to research and development of our other pipeline product candidates				
Pre-clinical development expenditure	27,887	9,926	5,823	5,564
Clinical development expenditure	426	3,602	729	3,625
Labor costs	18,178	18,758	9,432	6,935
Subtotal	46,491	32,286	15,983	16,124
Total cash operating costs for non-research and development				
Labor cost for non-research and development staff	10,313	9,328	4,403	4,628
Other cash operating costs	3,271	2,110	908	1,743
Subtotal	13,584	11,438	5,311	6,371
Total cash operating costs	114,644	86,423	45,195	39,983

Key Financial Ratio

	As of December 31,		As of
	2024	2025	June 30,
			2026
Current ratio ⁽¹⁾	19.7%	11.9%	8.8%

Note:

- (1) Current ratio is calculated as total current assets divided by total current liabilities as of the dates indicated.

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RISK FACTORS

See “Risk Factors” in this document for details of risks we may encounter in our operations. Some of the major risks we face include:

- We depend substantially on the success of our product candidates, all of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.
- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of preclinical studies and early phases of clinical trials may not be predictive of future trial results.
- The biological effects of our siRNA-based therapies may persist for a period of time, and currently available methods to rapidly reverse or precisely modulate such effects remain limited.
- Our future approved product candidates may fail to achieve or maintain the degree of market acceptance by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community necessary for commercial success.
- AAV gene therapies entail inherent safety risks that could adversely affect development and regulatory timelines.

OUR CONTROLLING SHAREHOLDERS

On August 9, 2019, our Controlling Shareholders, being Dr. Wu, Dr. Ye, Ms. Wang and Landes Therapeutics Ltd, entered into the acting-in-concert agreement, pursuant to which our Controlling Shareholders have acted in concert by aligning their votes at the board meetings and shareholders’ meetings of our Company. See also “History, Reorganization and Corporate Structure — Corporate Development and Major Shareholding Changes”. As at the Latest Practicable Date, Dr. Wu, Dr. Ye, Ms. Wang and Landes Therapeutics Ltd, our Controlling Shareholders, by virtue of the acting-in-concert arrangement, are entitled to exercise or control the exercise of an aggregate of 31.16% voting rights at the general meeting of our Company.

Immediately after completion of the Conversion and the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the Pre-[REDACTED] Equity Incentive Plan or the Convertible Loan Agreements), Dr. Wu, Dr. Ye, Ms. Wang and Landes Therapeutics Ltd will cease to be our controlling shareholders (as defined under the Listing Rules), but will remain as the single largest group of shareholders of our Company and be entitled to exercise or control the exercise of an aggregate of approximately [REDACTED]% voting rights at the general meeting of the Company.

OUR PRE-[REDACTED] INVESTORS

We conducted Series A-1, Series A-2, Series B, Series B+, and Series B++ financing rounds (including the Pre-[REDACTED] Convertible Loans) and received the Pre-[REDACTED] Investments with a total investment amount of RMB939.8 million from the Pre-[REDACTED] Investors which include private equity and venture capital funds and investment holding companies, among which some have a specific focus on the healthcare industry. Legend Capital and Hillhouse (as defined in the section headed “History, Reorganization and Corporate Structure” in this document) are our Sophisticated Investors. Immediately upon completion of the Conversion and the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the Pre-[REDACTED] Equity Incentive Plan or the Convertible Loan Agreements), Legend Capital and Hillhouse will hold approximately [REDACTED]% and [REDACTED]% of the total issued share capital of our Company, respectively. For details, see “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments.”

SUMMARY

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or fixed dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our PRC Legal Adviser, we are not allowed to make dividend payments if we have accumulated losses. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As a result, we may not have sufficient or any distributable profits to make dividend contributions to our Shareholders, even if we become profitable.

[REDACTED]

SUMMARY

FUTURE PLANS AND [REDACTED]

Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED], assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the research and development and commercialization of our Core Products, namely, EXG102-031 for the treatment of wAMD and EXG001-307 (SMA Type 1) for the treatment of SMA Type 1;
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for research and development of our Key Product EXG202 for the treatment of FND;
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for research and development of our other pipeline products;
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for strengthening our technical platform capabilities; and
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for working capital, business development and general corporate purposes, providing financial flexibility to support our day-to-day operations and advance our pipeline.

See “Future Plans and [REDACTED]” in this document for further details.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of our latest consolidated financial statements, and there has been no event since June 30, 2026 that would materially affect the information shown in the Accountants’ Report in Appendix I to this document.