

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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 [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 26.49% voting rights at the general meeting of the Company.

OTHER BUSINESS OR INTEREST OF OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Jiaxing CoJourney was ultimately controlled by Ms. Wang, who was the majority shareholder of the general partner of the relevant limited partnerships holding a total of 46.24% of the equity interest in Jiaxing CoJourney. Dr. Wu and Dr. Ye also held minority partnership interests in the said partnerships controlled by Ms. Wang as of the Latest Practicable Date, and the remaining 53.76% of the equity interests in Jiaxing CoJourney were owned by Independent Third Parties each of which holding less than 30%. Jiaxing CoJourney is primarily engaged in CDMO services, which are different from the business operation of the Group. Therefore, Jiaxing CoJourney is not engaged in any competing business against the Group.

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the [REDACTED]:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of three executive Directors and three independent non-executive Directors. See “Directors and Senior Management” in this document for details. Each of Dr. Wu and Dr. Ye, is our executive Director.

Our Directors believe that our Board and senior management have been and will continue to be able to independently manage our business and function independently from our Controlling Shareholders based on the following grounds:

- (i) each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between us and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (iii) our daily management and operations are carried out by our executive Directors and our senior management team, all of whom have substantial experience in the industry in which our Company is engaged and/or business management in general, and will therefore be able to make business decisions that are in the best interest of our Group;
- (iv) we have three independent non-executive Directors who have extensive experience in different professions. They have been appointed to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions; and
- (v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See “— Corporate Governance Measures” in this section below.

Having considered the above factors, our Directors are satisfied that our Board together with the senior management team as a whole is able to perform their roles independently from our Controlling Shareholders and their close associates after the [REDACTED].

Operational Independence

We operate independently from our Controlling Shareholders and their respective close associates, including:

- (i) we have established our own organizational structure, which comprises individual departments and each department has its own administrative and corporate governance infrastructure;
- (ii) we hold all of the relevant licenses and intellectual property rights material to our business operation and have sufficient capital, facilities, equipment and employees to operate our business independently;
- (iii) save as disclosed in this section, our Controlling Shareholders have no interest in any of our top five suppliers and customers during the Track Record Period. We do not rely on our Controlling Shareholders or their close associates and have independent access to our suppliers and customers; and
- (iv) we have established a set of internal control procedures to facilitate the effective operation of our business independent from our Controlling Shareholders.

Having considered the above factors and the historical and current relationships with the JC Group, as further illustrated under “— Independence from our Controlling Shareholders — Relationship with the JC Group” in this section, our Directors are of the view that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial, internal control and accounting system. We make financial decisions according to our own business needs. We also have an independent finance department responsible for discharging the treasury function, and the Audit Committee to oversee our accounting and financial reporting processes. We have sufficient capital to operate our business independently, and has adequate internal resources and a strong credit profile to support our daily operations.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our source of funding and our finances are independent from our Controlling Shareholders and none of our Controlling Shareholders or their respective close associates financed our operations during the Track Record Period. Our Directors confirm that our Group does not intend to obtain any further borrowing, guarantees, pledges and mortgages from any of our Controlling Shareholders or their respective close associates. Having considered the above factors, our Directors are of the view that we have no financial dependence on our Controlling Shareholders.

Relationship with the JC Group

Background of the JC Group

At the early stage of our establishment, our management team assessed the capabilities of most virus and plasmid CDMOs in China and concluded that they lacked the technological expertise and mature manufacturing processes required to support our quality expectations and requirements. We then established our facility for manufacturing virus-related products (the “**Virus Manufacturing Facility**”), facility for manufacturing plasmid-related products (the “**Plasmid Manufacturing Facility**”) and all the supporting teams, including the quality assurance and quality control teams. The Virus Manufacturing Facility and Plasmid Manufacturing Facility commenced production in 2021 and 2022, respectively. While these facilities enabled us to quickly obtain the first two INDs from the CDE and the first IND from the FDA, providing an early competitive advantage in both clinical development speed and per patient product cost, the facilities’ capacity utilization was low given that our Company was in its early development stage, where our pipeline status could not fully utilize the production capacity. In addition, maintaining these facilities in full GMP-compliant status has resulted in significant recurring costs and expenses that are not closely aligned with our Company’s core business activities. Thus, our Board decided to streamline the businesses to focusing on the R&D of gene therapy and oligonucleotide-based drug products, and spun out the manufacturing components to establish Jiaying CoJourney in 2022 as a pure-play CDMO provider, whose shareholders mirrored that of our Company at its establishment. After its establishment, the JC Group began to conduct independent fundraising, which resulted in overlapping shareholders with that of our Company with different percentages of shareholding as of the Latest Practicable Date.

Following the establishment of Jiaying CoJourney, we sold the Plasmid Manufacturing Facility, which was located in a standalone building, to the JC Group in July 2023. The Virus Manufacturing Facility, which was embedded within our Company’s R&D facility, was leased to the JC Group.

Business of the JC Group

The principal business of the JC Group is providing CDMO services for plasmids, viruses and other related products to innovative pharmaceutical companies. A CDMO is a service provider that offers contract-based manufacturing services to pharmaceutical companies, without ownership of the intellectual properties of the drug products it manufactures. An innovative pharmaceutical company, however, is a drug developer that discovers, develops, and commercializes proprietary therapeutic products, owning the relevant intellectual properties and holding regulatory approvals for its drug candidates. We believe that the JC Group does not directly or indirectly compete with our Company, mainly because: (i) to the best of our Company’s knowledge, as of the Latest Practicable Date, the JC Group is not and has no plan to be involved in the R&D or commercialization of any drug products, and does not maintain any IND or marketing authorization for drug products; (ii) our principal businesses and those of the JC Group are positioned at different ends of the industry chain. Our Company, as an innovative pharmaceutical company, focuses on the development of products for disease treatment, while a CDMO company, such as the JC Group, provides manufacturing services to pharmaceutical companies; and (iii) there will not be direct competition between our Company and the JC Group in terms of customer groups. Our product commercialization efforts are primarily directed towards medical institutions and patients, whereas the JC Group’s clients are predominantly innovative pharmaceutical

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

companies who need certain manufacturing services. As of the Latest Practicable Date, to the best knowledge of our Company, JC Group has served many customers, including innovative pharmaceutical companies for gene therapies and cell therapies, and gene editing companies.

Legal Compliance of the JC Group

To the best of our knowledge during the Track Record Period and up to the Latest Practicable Date: (i) none of Jiaxing CoJourney, its subsidiaries its directors, senior management or substantial shareholders holding more than 10% of its equity interests has committed any material non-compliance with applicable PRC laws and regulations; and (ii) none of the above-mentioned parties has been subject to any material administrative penalties, criminal investigations, or material civil or criminal proceedings that would have a material adverse impact on its business operations or the [REDACTED].

The principal business of the JC Group is the provision of CDMO services, including strain library construction, process scale-up validation of plasmids and viruses, GMP batch production and relevant testing services. As advised by our PRC legal advisors, such business falls outside the prohibited or restricted categories under the currently effective Special Administrative Measures for the Access of Foreign Investment (Negative List), and the business operated by the JC Group as of the Latest Practicable Date is not subject to any special legal or regulatory restrictions or conditions (including foreign investment access restrictions) under PRC laws.

Independence of the JC Group from our Group

The JC Group operates independently from our Group, and, in particular, as of the Latest Practicable Date, there is no sharing of any R&D personnel, technical knowhow, resources, material assets and/or premises in the respective operations of the JC Group and our Company. As of the Latest Practicable Date, our Company did not hold any equity interests in the JC Group, and vice versa.

Consolidating the JC Group into our Group does not align with the business strategy of our Company, considering that (i) the JC Group was established as an independent company for the purpose of segregating its business from that of our Company in order to enable independent development of the two different businesses, allowing our Group to streamline its strategic development and reproduce allocation to the R&D and commercialization of innovative gene therapy drugs, (ii) maintaining in-house manufacturing facilities in full GMP-compliant status will result in significant recurring costs and expenses that are not closely aligned with our core business activities, and (iii) the two businesses have different target customer groups, risk profiles and needs, appeal to different investors and require management with different skill sets. Further, we believe that excluding the JC Group from our Group remains, and will be in the future, beneficial to both JC Group and us, because JC Group has developed into a self-sustaining and sizable CDMO service provider with many customers and its own governance, management, and day-to-day decision-making systems. The results, risks, and cash flows of the JC Group are not directed by, nor operationally integrated with, our Group in a manner that would support its consolidation. As a result, such consolidation could undermine the efficiency and results of both groups.

As disclosed above, we sold the Plasmid Manufacturing Facility to the JC Group in July 2023, and leased the Virus Manufacturing Facility to the JC Group. For further details, please refer to “Connected Transactions — Continuing Connected Transactions — Non-exempt Continuing Connected Transactions” in this document. Before the Plasmid Manufacturing Facility was sold in July 2023, it was mainly used for manufacturing plasmids for our Core Product EXG102-031 for the purpose of its clinical trials. After the Plasmid Manufacturing Facility was sold, we engaged the JC Group to provide plasmid manufacturing services for all of our existing gene therapy products (including EXG001-307, EXG202, and EXG110), and potentially some of the future gene therapy products. Among these products, EXG001-307 product was the Core Product. Although the JC Group used the Plasmid Manufacturing Facility to provide services to us in connection with the Core Product, the IND approval and/or clinical trial designs of the Core Product and/or other product candidates do not

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

require the usage of the plasmid designed and produced by the Plasmid Manufacturing Facility. FDA and NMPA have never required in any IND approvals or in other communications that our Core Products be manufactured using equipment sold or leased to JC Group.

Outsourcing the production of these products to the JC Group is more cost-efficient than in-house manufacturing because the operation and maintenance of manufacturing facilities is not cost-effective in light of the demands of our Group. Our GMP manufacturing needs would not amount to year-around continuous manufacturing. However, the constant maintenance of an in-house GMP manufacturing team (including personnel for, among others, manufacturing, testing, quality, and back-office operations), along with facility and instrument maintenance, and GMP-compliance, entails significant costs.

We believe that we do not and will not have any material reliance on the JC Group, and the plasmid manufactured by the Plasmid Manufacturing Facility can be readily procured from third-party suppliers, based on the following:

- (i) the business relationships between the JC Group and our Group are non-exclusive. Under the Service Cooperation Agreement (as defined in the “Connected Transactions” in this document), the services provided by the JC Group shall be order-based, and all the services and payment shall be made pursuant to the individual orders placed by our Company. The fee scale issued by Hangzhou CoJourney is also applicable to all of its customers who receive similar manufacturing and testing services. The Service Cooperation Agreement does not contain any terms restricting our Company from seeking similar services from other service providers, and *vice versa*;
- (ii) our Company’s engagement of the JC Group was a result of its continuous assessment of the JC Group’s qualifications and capability as compared to other alternate service providers, rather than its historical relationship with our Company. Based on our Company’s assessment, the JC Group currently still offers high-quality and cost-effective gene therapy CDMO services that cater to the demands of our Company. As China’s gene therapy manufacturing science matures overtime, there are other emerging qualified alternatives. According to Frost & Sullivan, as of the Latest Practicable Date, there are over 10 CDMO service providers that are similarly qualified and can provide compatible and comparable services as that of JC Group. Our Company continues to monitor the advancement of all CDMO companies and their track record of meeting our Company’s standard to ensure stable service in large-scale GMP manufacturing;
- (iii) as advised by the PRC legal advisors of our Company, the termination of the business relationship with the JC Group and switching to other alternative CDMOs do not, in and of themselves, involve any material and additional regulatory approval or acknowledgment from the NMPA. Under Article 29 of the Drug Registration Regulation (《藥品註冊管理辦法》), a change of manufacturer during clinical trials requires the sponsor (申辦者) to conduct comparability studies and assess the impact on subject safety in accordance with the Technical Guideline on Pharmaceutical Research and Changes of Biological Products During Clinical Trials (Interim) (CDE Announcement No. 29 of 2024), which expressly applies to gene therapy products. Where the assessment concludes no adverse impact, the sponsor may implement the change directly with R&D Development Safety Update Report (研發期間安全性更新報告) reporting, without prior NMPA approval; a supplemental application is required only where the assessment indicates a potential increase in safety risk, in which case the CDE is required to render a decision within 60 business days, which is deemed to be approved if there is no response within such period. We further note that the alternative CDMO is required to conduct its own assessment of our Company and the product prior to accepting the delegation under the NMPA’s Announcement on Strengthening the Supervision and Administration of Entrusted Drug Production (2025 Announcement No. 134). Such assessment is the CDMO’s own compliance obligation and does not constitute an additional

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

regulatory approval or acknowledgement from the NMPA in respect of the IND or clinical trial. Accordingly, provided that our comparability studies demonstrate no adverse impact on product quality or subject safety, switching to alternative CDMOs would not involve any material and additional regulatory approval or acknowledgement from the NMPA;

- (iv) although the JC Group was the only CDMO service provider engaged by our Group during the Track Record Period:
 - (a) the JC Group was not, and is not intended to be, the only service provider engaged by our Group. During the Track Record Period, we also engaged more than 100 CRO service providers. For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, (1) our procurement amount of the CDMO services provided by the JC Group accounted for approximately 32.9%, 3.6% and 10.0% of our total trial and testing expenses (“**T&T Expenses**”, which is the total procurement amount of the CDMO/CRO services as shown in our financial statements), respectively; and (2) our procurement amount of the CDMO services provided by the JC Group in respect of the Core Products, namely, EXG102-031 for wAMD and EXG001-307 for SMA Type 1, accounted for approximately 53.4%, 13.8% and none of its T&T Expenses in respect of the Core Product, respectively; and
 - (b) as confirmed by the Frost & Sullivan, it is common in the gene therapy industry in China for a biopharmaceutical company at pre-commercial stage to engage only one CDMO service provider, considering the relatively limited demands for manufacturing.
- (v) there are readily available CDMO companies in China who are comparable to JC Group in terms of service offerings, service quality, and qualifications. We are evaluating the fee ranges, capacity and capabilities of these alternate CDMO companies to form an informed decision on the choice of future CDMO service providers; and
- (vi) we have internally developed and wholly own the know-how of the manufacturing processes of the Core Products, which can be replicated on the platform of other CDMO service providers without any technology transfer or other continuous assistance from the JC Group. Under the guidance and process transfer from our Company to the CDMO, any qualified CDMO can successfully manufacture the Core Products or any other products in our pipeline. Given the nature of the research, process development and the manufacturing process, as well as our full ownership of the relevant patents and know-how, there will be no major disruption to our businesses if we choose to source services from a new service provider.

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In addition, we have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (i) under the Articles, a Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution);
- (ii) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after [REDACTED];
- (iii) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (iv) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for their annual review, including all relevant financial, operational and market information;
- (v) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and annual reports or by way of announcements as required by the Listing Rules;
- (vi) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;
- (vii) we have appointed Mango Financial Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (viii) we have established our Audit Committee, Remuneration Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. All of the members of our Audit Committee are non-executive Directors, and the majority of the members, including the chairman, are independent non-executive Directors.

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