同源康醫藥
TYK medicines

浙江同源康醫藥股份有限公司

TYK Medicines, Inc

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

Stock Code : 2410

GLOBAL OFFERING

Sole Sponsor, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIC SECURITIES

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank

招銀国际 CMB INTERNATIONAL

海通國際 HAITONG

Joint Bookrunners and Joint Lead Managers

中銀國際 BOC INTERNATIONAL

利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

IMPORTANT: *If you are in any doubt about any of the contents of this prospectus, you should obtain professional independent advice.*

TYK Medicines, Inc
浙江同源康醫藥股份有限公司

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

Global Offering

Number of Offer Shares under the Global Offering	**:**	**47,880,000 H Shares**
Number of Hong Kong Offer Shares	**:**	**4,788,000 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**43,092,000 H Shares (subject to reallocation)**
Offer Price	**:**	**HK$12.10 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**2410**

Sole Sponsor, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIC SECURITIES

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Joint Bookrunners and Joint Lead Managers

中銀國際 BOC INTERNATIONAL 利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix VIII — Documents Delivered to the Registrar of Companies and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price will be HK$12.10 per H Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the Offer Price of HK$12.10 for each Hong Kong Offer Share together with a brokerage of 1.0%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%.

The Overall Coordinators (acting in such capacity and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the Offer Price at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, an announcement will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.tykmedicines.com** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For further information, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. See "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.tykmedicines.com. If you require a printed copy of this prospectus, you may download and print from the websites above.

August 12, 2024

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at www.tykmedicines.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select. If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application
	HK$		*HK$*		*HK$*		*HK$*
500	6,111.01	7,000	85,554.21	50,000	611,101.43	700,000	8,555,419.96
1,000	12,222.03	8,000	97,776.23	60,000	733,321.71	800,000	9,777,622.80
1,500	18,333.05	9,000	109,998.25	70,000	855,542.00	900,000	10,999,825.66
2,000	24,444.06	10,000	122,220.29	80,000	977,762.28	1,000,000	12,222,028.50
2,500	30,555.08	15,000	183,330.42	90,000	1,099,982.56	1,250,000	15,277,535.63
3,000	36,666.08	20,000	244,440.56	100,000	1,222,202.86	1,500,000	18,333,042.76
3,500	42,777.09	25,000	305,550.71	200,000	2,444,405.70	1,750,000	21,388,549.88
4,000	48,888.11	30,000	366,660.85	300,000	3,666,608.56	2,000,000	24,444,057.00
4,500	54,999.13	35,000	427,771.00	400,000	4,888,811.40	2,394,000[1]	29,259,536.23
5,000	61,110.14	40,000	488,881.15	500,000	6,111,014.26		
6,000	73,332.17	45,000	549,991.28	600,000	7,333,217.10		

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.tykmedicines.com**.*

	Date[1]
Hong Kong Public Offering commences	9:00 a.m. on Monday, August 12, 2024
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, August 15, 2024
Application lists open[3]	11:45 a.m. on Thursday, August 15, 2024
Latest time to (a) lodge completing payment of **White Form eIPO** applications by effecting internet banking transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, August 15, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3]	12:00 noon on Thursday, August 15, 2024
Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.tykmedicines.com**[5]	no later than 11:00 p.m. on Monday, August 19, 2024

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.tykmedicines.com** and **www.hkexnews.hk**, respectively . . . . . no later than 11:00 p.m. on Monday, August 19, 2024

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from. . . . . 11:00 p.m. on Monday, August 19, 2024 to 12:00 midnight on Sunday, August 25, 2024

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from . . . . . .Tuesday, August 20, 2024 to Friday, August 23, 2024

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6] . . . . . .Monday, August 19, 2024

White Form e-Refund payment instructions/refund checks in respect of wholly or partially unsuccessful applications to be dispatched on or before[7][8] . . . . . .Tuesday, August 20, 2024

Dealings in the H Shares on the Stock Exchange expected to commence at . . . . . .9:00 a.m. on Tuesday, August 20, 2024

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, August 15, 2024, the application lists will not open and will close on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC through HKSCC's FINI system should refer to "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares."

(5) None of the websites or any of the information contained on the websites forms part of this prospectus.

(6) Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — 2. Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.

(7) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund check.

(8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the HKSCC EIPO channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies."

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

CONTENTS

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. ***In particular, we are a biotechnology company seeking a listing 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.*** *Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. Since our inception in 2017, we have built a pipeline with 11 drug candidates, including Core Product TY-9591, six clinical stage products, and four preclinical stage or early clinical development stage products. We are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment of brain metastases from non-small cell lung cancer ("**NSCLC**") with epidermal growth factor receptor ("**EGFR**") mutations in China, as well as a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation in China.

THERE IS NO ASSURANCE THAT WE WILL ULTIMATELY BE ABLE TO DEVELOP AND MARKET OUR CORE PRODUCT OR ANY OF OUR PIPELINE PRODUCTS SUCCESSFULLY.

The following chart shows our drug candidates as of the Latest Practicable Date:

	Product[1]	Target (Modality)	Indication (Lines of Treatment)	Regimen	Preclinical / IND-Enabling / Ph I/Ia / Ph Ib/II / Registrational Pivotal Ph II/Ph III	Upcoming Milestone/ Current Status	Commercial Rights/ Partner
Clinical Stage	★ TY-9591	3rd-Generation EGFR	Brain metastases from NSCLC with EGFR mutations (1L)	Mono	*Pivotal Phase II trial ongoing in China*	NDA submission in Q1 2025	China
			Advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation (1L)	Mono	*Registrational Phase III trial ongoing in China*	NDA submission in 2H 2026	
			Advanced (stage IIIb to IV) or metastatic NSCLC with EGFR mutations	Combo	*IND approval for Phase II and Phase III trials in China*	Enter Ph II in 2H 2024	
	☆ TY-302	CDK4/6	Breast cancer (2L+)	Combo	*Phase II trial ongoing in China*	Enter Registrational Trial in Q1 2025	China
			Prostate cancer (1L)	Combo	*Phase II trial ongoing in China*	Enter Ph II in 2H 2024	
	☆ TY-2136b	ROS1/NTRK	ROS1/NTRK-mutant solid tumor	Mono	*Phase Ib study ongoing in China*	Ph Ib ongoing	Livzon (Greater China)[2]
			ROS1/NTRK-mutant NSCLC	Mono	*Phase I trial ongoing in the U.S.*	Ph I ongoing	Ex-Greater China
	TY-2699a	CDK7	SCLC, TNBC	Mono/ Combo	*Phase I trial ongoing in China*	Enter Ph Ib in Q1 2025	Global
					IND approval in the U.S.	IND approved	
	TY-0540	CDK2/4/6	Solid tumor	Mono/ Combo	*Phase I trial ongoing in China*	Enter Ph Ib in Q1 2025	Global
					IND approval in the U.S.	IND approved	
	TY-1091	RET	RET-fusion positive solid tumor	Mono	*Phase I trial ongoing in China*	Ph I ongoing	Global
					IND approval in the U.S.	IND approved	
	TY-4028	EGFR Exon 20	EGFR exon 20 insertion NSCLC	Mono	*IND approval in China*	Enter Ph I in December 2024	Global
					IND approval in the U.S.	IND approved	
	TY-1054	YAP-TEAD	Solid tumor	-	*IND approval in the U.S.*	IND approved (U.S.)	Global
					IND approval in China	IND approved (China)	
Preclinical Stage	TY-1210	CDK2	Solid tumor	-		IND submission in 2H 2025	Global
	TY-0609	CDK4	Solid tumor	-		IND submission in 2H 2025	Global
	TY-3200	EGFR (PROTAC)	NSCLC	-		IND submission in 2H 2025	Global

★ Core Product ☆ Key Product

Abbreviations: 1L = first line; 2L+ = third- or later-line; EGFR = epidermal growth factor receptor; CDK = cyclin-dependent kinase; ROS1 = ROS proto-oncogene 1; NTRK = neurotrophic tyrosine receptor kinase; RET = rearranged during transfection; YAP = yes associated protein; TEAD = transcriptional enhanced associate domain; PROTAC = proteolysis-targeting chimera; NSCLC = non-small cell lung cancer; SCLC = small cell lung cancer; TNBC = triple-negative breast cancer; Ph = Phase; NDA = new drug application; 2H = second half; Q1 = first quarter.

Notes:

(1) The relevant intellectual property rights for TY-9591 and TY-302 were acquired from Changzhou Runnuo and Guangzhou Boji, and Tetranov Pharmaceutical, respectively. We have developed these two drug candidates at our own costs since preclinical stage. Except for these two drug candidates, all other drug candidates were internally discovered and developed by us.

(2) We have out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon. We maintain the rights to develop and commercialize this drug candidate in the rest of the world. For detailed information, see "Business — Collaboration Arrangement — Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b."

Source: Company Data

Our Business Model

Our core business model involves internally discovering, acquiring, developing, and commercializing small molecule drugs and other innovative drug species related to small molecule drugs to address unmet needs in cancer treatment, especially in lung cancer. We have developed in-house R&D capabilities that cover not only early-stage drug discovery, chemical synthesis and selection, but also clinical development and regulatory affairs. In addition, we have been actively seeking global and regional partnerships with leading pharmaceutical companies to maximize the clinical and commercial value of our drug candidates. As our Core Product TY-9591 enters pivotal clinical trial stage, we are in the process of establishing our in-house cGMP-compliant manufacturing facility in Huzhou, Zhejiang Province, which is expected to commence commercial-scale manufacturing by the end of 2025. We also plan to establish sales and marketing capabilities through a combination of in-house efforts and working with external partners to secure our success in commercializing this product in China.

OUR DRUG CANDIDATES

The field of cancer treatment has developed significantly in the past century. Conventionally, treatment methods such as surgery, radiotherapy, and chemotherapy have been widely utilized to fight against tumor cells, but they have been proven to be deficient due to side effects and limited efficacy. The development of targeted therapies, which target specific molecules, generally proteins, enzymes, a signaling pathway, or genetic changes that play a role in the spread of cancer, has embarked on a new era of cancer treatment with enhanced specificity and efficacy. According to Frost & Sullivan, currently, for early stage patients, the primary treatments are surgery, radiotherapy and chemotherapy. Surgery is often recommended for eligible patients, while radiotherapy and chemotherapy are often used for inoperable patients. For advanced stage patients, surgery is usually not considered due to spread of the tumor and potential metastasis. In addition to radiotherapy and chemotherapy, recommended treatments also include targeted therapy or immunotherapy. The treatments approved for different treatment lines vary depending on the cancer type. For example, for advanced NSCLC patients with driver genes such as EGFR mutations and ALK rearrangement, the first-line treatment is targeted therapy, and the second-line treatments include targeted therapy and chemotherapy, depending on the types of resistance mutations. For details on the history of cancer treatment development, see "Industry Overview — Major Indications."

As a company focused on the development of small molecule targeted therapies for cancer treatment, we have built a pipeline with 11 drug candidates. An introduction to these products is listed below:

Core Product TY-9591 — A Third-Generation EGFR-TKI

TY-9591 is a third-generation EGFR-tyrosine kinase inhibitor ("**TKI**") with antitumor effects on EGFR mutations. It can irreversibly bind to certain EGFR mutants including exon 21 L858R mutation, exon 19 deletion, L858R/T790M mutation, and exon 19 deletion/T790M mutation, and thus inhibit the downstream signaling cascade, such as Ras/Raf/MEK/ERK or phosphoinositide 3-kinase ("**PI3K**")/protein kinase B ("**AKT**") pathway, ultimately inhibiting

the proliferation and metastasis of cancer cells. TY-9591 was developed through modifications of osimertinib to enhance its safety, allowing for a higher administration dosage and thus, potentially, improved efficacy. Specifically, TY-9591 was modified by replacing certain hydrogen atoms in osimertinib with deuterium to reduce or slow down the breakdown of osimertinib. Such modifications may retain the advantages of osimertinib, but also affect the way that osimertinib is metabolized, which may reduce the formation of the metabolite TY-9591-D1 (AZ5104). Based on preclinical studies, TY-9591-D1 (AZ5104) is showed to have much higher affinity to normal cells that express EGFR without mutations, and thus is the major cause of adverse events ("**AEs**") of TY-9591 and osimertinib. By reducing the production of TY-9591-D1, TY-9591 is expected to be safer than osimertinib and can be administered at a higher dose level, leading to improved antitumor efficacy and a higher level of blood-brain entry. In a Phase I clinical trial in healthy subjects, we investigated the mean drug metabolite concentration-time profiles after a single oral dose of 80 mg TY-9591 and osimertinib in healthy subjects. Compared to osimertinib, the results showed an approximately 50% reduction in metabolite TY-9591-D1 exposure levels after TY-9591 administration, indicating that TY-9591 may have an improved safety profile than osimertinib. In addition, although not a head-to-head comparison, clinical data from our Phase Ib study showed that TY-9591 has demonstrated promising efficacy and safety profile with the median PFS of 21.5 months, confirmed objective response rate ("**ORR**") of 85.9% and confirmed disease control rate ("**DCR**") of 94.9% in NSCLC patients with EGFR mutations (L858R/exon 19 deletion). For more details on the mechanism of action of TY-9591, see "Business — Drug Candidates — Core Product: TY-9591 — A Third-Generation EGFR-TKI — Competitive Advantages."

We are currently investigating TY-9591 in brain metastases from NSCLC with EGFR mutations and in locally advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation. While there are a number of third-generation EGFR-TKIs approved for sale in China and worldwide, no drug has been approved and marketed for brain metastases from NSCLC, demonstrating urgent unmet clinical needs. Results from our Phase Ib and Phase II clinical studies of TY-9591 monotherapy in advanced NSCLC have demonstrated a strong clinical efficacy. Among 29 evaluable NSCLC treatment-naïve patients with brain metastases enrolled in these studies, we observed that 25 patients reached intracranial partial response ("**PR**") and four reached complete response ("**CR**"), with an intracranial ORR of 100%. Although not a head-to-head comparison, this outcome outperformed the confirmed 77% intracranial ORR observed in NSCLC brain metastases patients treated by osimertinib in the Phase III FLAURA trial. In the Phase II study, we observed that the overall incidence of serious adverse events ("**SAEs**") was only 8.3% and treatment-related SAEs was as low as 8.3%, demonstrating a favorable safety profile.

Furthermore, TY-9591 may deliver improved efficacy compared to osimertinib in NSCLC patients with the EGFR L858R mutation. Osimertinib exhibited a median progression-free survival ("**PFS**") of 18.9 months for both EGFR exon 19 deletion and L858R mutation. However, NSCLC patients with EGFR L858R mutation showed significantly shorter PFS of 14.4 months compared to 21.4 months PFS observed in EGFR exon 19 deletion cases, according to the Phase III FLAURA study. Therefore, there exists an unmet clinical need to enhance the clinical outcomes for NSCLC patients with EGFR L858R mutation. Clinical data from our Phase Ib study showed that among NSCLC patients with EGFR L858R mutation, first-line TY-9591 treatment achieved a significantly prolonged median PFS comparing to osimertinib treatment in the Phase III FLAURA trial (19.3 months in 36 patients vs. 14.4 months in 104 patients) based on a non-head-to-head comparison. Since the PFS data for NSCLC patients with EGFR L858R mutation from the FLAURA China cohort is not publicly available, and the efficacy data from the FLAURA global cohort is generally better than that of the China cohort, we compared our clinical results with the data for NSCLC patients with EGFR L858R mutation from the FLAURA global cohort.

We are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations in China, for which we expect to complete patient enrollment in the third quarter of 2024. For the rationale behind conducting a pivotal Phase II trial instead of a registrational Phase III trial of TY-9591 in patients with brain metastases from NSCLC with EGFR mutations, see "Business — Our Drug Candidates — Core Product: TY-9591 — A Third-Generation EGFR-TKI — Clinical Development Plan." In addition, we are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation in China, for which we expect to complete patient enrollment in the fourth quarter of 2024. According to Frost & Sullivan, TY-9591 is the only EGFR-TKI worldwide that is currently undergoing a head-to-head registrational trial directly comparing its efficacy with osimertinib. To fully explore the potential of TY-9591, we also applied for and received IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March 2024, and expect to commence a Phase II trial in the second half of 2024.

Addressable Markets and Competitive Landscape

NSCLC is any type of epithelial lung cancer other than small cell lung cancer ("**SCLC**"), accounting for 85% of lung cancer. According to Frost & Sullivan, among all NSCLC patients, EGFR mutation predominantly constitutes 50.2% in China in 2023. Among them, exon 19 deletion and exon 21 L858R mutation account for 85% of EGFR mutations, with exon 19 deletion contributing 44.8% and exon 21 L858R contributing 39.8% to the overall EGFR mutation profile. The EGFR-TKI market focusing on exon 21 L858R mutation increased from RMB1.4 billion in 2017 to RMB5.6 billion in 2023, representing a compound annual growth rate ("**CAGR**") of 26.2%, and is projected to further grow to RMB11.9 billion in 2033 with a CAGR of 7.8% from 2023 to 2033. Upon approval of the third-generation EGFR-TKIs for marketing, these drugs rapidly occupied the market with the majority of NSCLC patients with EGFR mutations undergoing treatment with them, leading to a surge in the market size during 2017 to 2023. As market penetration slows down and the prices of third-generation EGFR-TKIs are expected to remain relatively stable, the market size is projected to grow steadily during 2023 to 2033. For details about the market size of EGFR-TKIs, see "Industry Overview — EGFR-TKI Drugs Market."

Brain metastases occur when cancer cells spread from their original site to the brain. Lung cancer is among the cancer types that most likely cause brain metastases. The annual incidence of lung cancer in China is 1,015.5 thousand in 2023 and the incidence of brain metastases in patients with advanced NSCLC can be nearly 25% at diagnosis, approximately 30% to 55% of NSCLC patients develop brain metastases during treatment. From 2017 to 2023, the number of new patients with brain metastases from lung cancer in China increased from 137.6 thousand to 166.3 thousand, and is estimated to reach 218.0 thousand in 2033. The natural average survival of NSCLC patients with brain metastases, i.e. the average survival period for NSCLC patients with brain metastases without any treatment, is only one to two months, and the prognosis is poor, which seriously jeopardizes patients' lives and quality of life.

The last three columns of the table below set forth a summary of the targeted patient population of TY-9591 by indications:

Summary of Targeted Patient Population of TY-9591*

	Lung Cancer	NSCLC	NSCLC with EGFR Mutations	Advanced or Metastatic NSCLC with EGFR Mutations	Brain Metastases from NSCLC with EGFR Mutations	Advanced or Metastatic NSCLC with EGFR L858R Mutation
Patient Population (in 2023 in China)	1,015.5 thousand	863.2 thousand	433.3 thousand	201.9 thousand	112.9 thousand	80.4 thousand
Patient Percentage	100%	Approximately 85% of all lung cancer patients	Approximately 50.2% of all NSCLCs patients	Approximately 46.6% of all NSCLC patients with EGFR mutations***	Approximately 47.5% to 66.3% of all advanced or metastatic NSCLCs patients**	Approximately 39.8% of all advanced or metastatic NSCLC patients with EGFR mutations

Notes:

* For details of addressable market size and targeted patient population of TY-9591, see "Industry Overview — Major Indications — NSCLC."

** According to Frost & Sullivan, specific data for brain metastases in NSCLC patients with EGFR mutations is not available. However, it is believed that percentage of NSCLC patients with brain metastases may also apply to brain metastases in NSCLC patients with EGFR mutations as there is no reliable evidence of a significant discrepancy.

*** According to the Treatment Guidelines for Stage IV Primary Lung Cancer in China (2023), about 46.6% of patients are diagnosed with stage IIIb to IV at the time of initial diagnosis. However, according to interviews with industry experts, approximately 50% are stage IV patients, as disclosed in "Industry Overview." There is a gap between literature statistics and empirical data.

Source: Frost & Sullivan Analysis

As of the Latest Practicable Date, there were six third-generation EGFR-TKIs approved for NSCLC with EGFR exon 19 deletion, exon 21 L858R and exon 20 T790M in China, and only befotertinib, furmonertinib, almonertinib, and osimertinib were approved as first-line treatment. None of these drugs were indicated for brain metastases from lung cancer. The third-generation EGFR-TKI market is highly competitive. The tables below illustrate the efficacy and the competitive landscape of marketed third-generation EGFR-TKIs for NSCLC in China:

Efficacy of EGFR-TKIs Approved by the NMPA

Drug Name	Brand Name	Target	Generation	Company	Indications	mPFS(month)			Line	Approval Date	2023 Global Sales (million USD)
						Ex19del	L858R	Overall			
Rilertinib	Sanrisso	EGFR	3rd-generation	Sanhome Pharmaceutical	NSCLC	13.8	9.7	12.6	2nd line	2024-06-17	NA
Rezivertinib	Undisclosed	EGFR	3rd-generation	Beta Pharma	NSCLC	12.4	10.3	12.2	2nd line	2024-05-20	NA
Befotertinib	Surmana	EGFR	3rd-generation	Betta Pharma	NSCLC	NE	17.9	22.1	1st line	2023-10-12	Undisclosed
Furmonertinib	Ivesa	EGFR	3rd-generation	Allist Pharmaceutical	NSCLC	20.8	13.4	19.3	1st line	2022-06-28	274.0
Almonertinib	Ameile	EGFR	3rd-generation	Hansoh Pharma	NSCLC	Undisclosed		20.8	1st line	2021-12-16	Undisclosed
Osimertinib	Tagrisso	EGFR	3rd-generation	Astrazeneca	NSCLC	21.6	14.2	18.9	1st line	2019-08-30	5,799

Abbreviation: NE = not evaluated.

Source: NMPA, Frost & Sullivan Analysis

Competitive Landscape of EGFR-TKIs Approved by the NMPA

Drug Name	Brand Name	Target	Mutation Subtype	Monotherapy or Combined Therapy	Covered by NRDL	End User Price (RMB/box)	Treatment Cost (RMB/month)
Rilertinib	Sanrisso	EGFR	T790M	Monotherapy	No	NA	NA
Rezivertinib	Undisclosed	EGFR	T790M	Monotherapy	No	NA	NA
Befotertinib	Surmana	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	2,862.4	8,587.2
Furmonertinib	Ivesa	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	2,494.5	4,989.0
Almonertinib	Ameile	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	2,016.0	5,345.4
Osimertinib	Tagrisso	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	4,966.2	4,966.2

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, nine third-generation EGFR-TKI candidates were in clinical development for NSCLC and two of them were indicated for NSCLC with brain metastases, among which TY-9591 was the most clinically advanced EGFR-TKI candidate. The table below illustrates the competitive landscape of clinical-stage third-generation EGFR-TKIs for NSCLC in China:

Drug Name/Code	Target	Mutation Subtype	Company	Control	Clinical Stage	Indications	First Posted Date
TY-9591	**EGFR**	**L858R**	**TYK Medicines, Inc**	**Osimertinib**	**III**	**NSCLC**	**2022-05-19**
		Ex19del, L858R, T790M			**II (Pivotal)**	**NSCLC with Brain metastases**	**2021-11-16**
Abivertinib	BTK, EGFR	Ex19del, L858R, T790M	Sorrento/Essen Pharmaceutical	Gefitinib	III	NSCLC	2019-04-09
FHND9041	EGFR	Ex19del, L858R, T790M	Chia Tai Fenghai Pharmaceutical	Afatinib	III	NSCLC	2021-08-31
Limertinib	EGFR	Ex19del, L858R, T790M	Aosaikang Pharmaceutical	Gefitinib	III	NSCLC	2019-08-29
Kenitinib	EGFR	Ex19del, L858R	Suzhou Teligene	NA	II	NSCLC with Brain metastases	2020-05-12
TQB3456	EGFR	Ex19del, L858R, T790M	Chia Tai-tianqing Pharmaceutical	NA	I	NSCLC	2018-08-31
QLH11811	EGFR	Ex19del, L858R, T790M	Qilu Pharmaceuticals	NA	I	NSCLC	2022-09-22
YZJ-0318	EGFR	Ex19del, L858R, T790M	Yangtze River Pharmaceutical	NA	I	NSCLC	2018-01-28
DZD6008	EGFR	Ex19del, L858R, T790M	Dizal Pharma	NA	I	NSCLC	2024-05-24

Source: CDE, Frost & Sullivan Analysis

For details about the competitive landscape of third-generation EGFR-TKIs, see "Industry Overview — EGFR-TKI Drugs Market — EGFR-TKI — Competitive Landscape of Third-Generation EGFR-TKIs in China."

TY-302

TY-302 is a potent, selective oral cyclin-dependent kinase 4/6 ("**CDK4/6**") inhibitor developed for the treatment of advanced solid tumors, including breast cancer and prostate cancer. Targeting CDK4/6, a key cell cycle regulator, TY-302 suppresses the phosphorylation of the retinoblastoma protein ("**Rb**"), preventing proliferation of cancer cells. TY-302 was modified by H/D exchange of palbociclib, the best-selling CDK4/6 inhibitor in the world. Based on the preliminary safety data collected through our current Phase I/II clinical trial, TY-302 achieved an improved safety profile in respect of AEs in general, especially AEs related to infectious disease, skin and subcutaneous tissue and GI system, based on a non-head-to-head comparison. In addition, TY-302 has achieved encouraging efficacy in breast cancer. We observed that TY-302 achieved a DCR of 71.4% in 14 recruited breast cancer patients who had failed prior two or more lines of treatments. We expect to further investigate the combination therapy of TY-302 with toremifene in third- or later-line estrogen receptor positive ("**ER+**")/human epidermal growth factor receptor 2-negative ("**HER2–**") breast cancer that has progressed after second-line endocrine therapy. In addition, we plan to commence a Phase II clinical trial of TY-302 in prostate cancer in the second half of 2024, exploring TY-302 in combination with abiraterone for the treatment of metastatic castration-resistant prostate cancer ("**mCRPC**"), which is an advanced prostate cancer that is challenging to treat with no responding to the standard of care treatment, endocrine therapy. For more details, see "Business — Our Drug Candidates — Key Product: TY-302 – CDK4/6 Inhibitor."

Addressable Markets and Competitive Landscape

Breast cancer is the most common cancer in women, and its incidence rises with age, increasing year by year as women age. The number of new breast cancer cases in China increased from 315.2 thousand in 2017 to 345.5 thousand in 2023, and is projected to reach 376.9 thousand in 2033. ER+/HER2− breast cancer is the most common breast cancer subtype, representing approximately 70% of patients.

Prostate cancer is an epithelial malignant tumor that occurs in the prostate. It is the most common malignant tumor of the male genitourinary system. The number of new cases of prostate cancer in China grew from 97.3 thousand in 2017 to 132.7 thousand in 2023. This number is expected to continue to grow and reach 189.1 thousand in 2033. Almost all advanced prostate cancer patients, after undergoing hormonal therapy, will eventually progress to CRPC, with mCRPC being the primary cause of patient death. The main goal for treating mCRPC is to control symptoms and slow progress.

As of the Latest Practicable Date, there were five cyclin-dependent kinase ("**CDK**") inhibitors approved and marketed globally, namely, palbociclib, abemaciclib, dalpiciclib, trilaciclib and ribociclib, all of which targeted CDK4/6. Among these, four were approved for combination use with endocrine therapy. The global CDK4/6 inhibitors market has grown from US$3.2 billion in 2017 to US$10.7 billion in 2023 at a CAGR of 22.2%. With an increasing number of CDK4/6 inhibitors coming to market, the market size will continue to expand in the future, and the global CDK4/6 inhibitors market is expected to reach approximately US$16.1 billion and US$26.2 billion in 2027 and 2033, respectively, with a CAGR of 10.6% from 2023 to 2027 and a CAGR of 8.5% from 2027 to 2033.

As of the Latest Practicable Date, there were 26 CDK inhibitor candidates under development in China, among which TY-302 was the only CDK4/6 inhibitor indicated for prostate cancer. For details about the competitive landscape of CDK inhibitors, see "Industry Overview — CDK Inhibitor Drugs Market — Competitive Landscape of CDK Inhibitors Globally and in China."

TY-2136b

TY-2136b is an internally developed, oral ROS proto-oncogene 1 ("**ROS1**")/neurotrophic tyrosine receptor kinase ("**NTRK**") inhibitor for the treatment of solid tumors. It was designed to efficiently bind with the active kinase conformation and avoid steric interference from a variety of clinically resistant mutations. The compact structure is believed to allow TY-2136b to precisely and efficiently bind into the adenosine triphosphate ("**ATP**") binding pocket of the kinase, and potentially circumvent the steric interference that results in resistance to bulkier kinase inhibitors. For more details on the mechanism of action of TY-2136b, see "Business — Our Drug Candidates — Key Product: TY-2136b – ROS1/NTRK Inhibitor — Mechanism of Action." Our current primary focus lies on NSCLC with ROS1 or NTRK mutation, a demographic estimated to reach 56.2 thousand new cases worldwide in 2033, according to Frost & Sullivan.

TY-2136b has demonstrated encouraging safety profile in preclinical studies. Also according to our preclinical data, TY-2136b is not only effective against ROS1/NTRK oncogenic gene mutations, but also exhibits high selectivity of ROS1 and NTRK mutations such as ROS1 G2032R mutation and NTRK G595R, which commonly contribute to resistance against existing ROS1/NTRK drugs. Specifically, despite its targeting multiple mutations, TY-2136b does not interfere with JAK/STAT signaling pathway, inhibit Ba/F3 cells overexpressing ABL1 (H396P) mutant kinase, or disrupt SRC kinase activity. In addition, its preliminary efficacy against ROS1 and NTRK mutations has been demonstrated across multiple animal models, showcasing its potential to address drug resistance against existing ROS1/NTRK drugs. As a result, the FDA has granted Orphan Drug Designation to TY-2136b for the treatment of ROS1-positive, NTRK fusion-positive, anaplastic lymphoma kinase ("**ALK**")-positive or leukocyte receptor tyrosine kinase ("**LTK**")-positive NSCLC. Furthermore, its potential has been recognized and endorsed by Livzon and we have out-licensed the Greater China rights of TY-2136b to Livzon. For more details on the mechanism of action of TY-2136b, see "Business — Our Drug Candidates — Key Product: TY-2136b – ROS1/NTRK Inhibitor — Competitive Advantage."

Livzon is currently conducting a Phase Ib clinical trial of TY-2136b in China under IND approval from the National Medical Products Administration of the PRC ("**NMPA**") obtained in February 2022 and we are conducting a Phase I clinical trial in the U.S. under FDA's implied IND approval obtained in November 2021. Leveraging Phase I clinical data collected both in China and the U.S., we will communicate with the FDA and carefully design our future clinical development plan of TY-2136b in the U.S. For details of clinical development plan of TY-2136b, see "Business — Key Product: TY-2136b – ROS1/NTRK Inhibitor — Clinical Development Plan."

Addressable Markets and Competitive Landscape

According to Frost & Sullivan, the global ROS1/NTRK-TKI market grew from US$70.7 million in 2017 to US$332.0 million in 2023, reflecting a CAGR of 29.4%. The global ROS1/NTRK-TKI market is forecasted to reach US$602.0 million in 2027 and ultimately to US$1,052.9 million in 2033, representing a CAGR of 16.0% from 2023 to 2027 and a CAGR of 9.8% from 2027 to 2033. The ROS1/NTRK-TKI market in China has developed at a faster pace, increasing from RMB15.7 million in 2017 to RMB252.6 million in 2023, demonstrating a CAGR of 58.8%. The ROS1/NTRK-TKI market in China is projected to further grow to RMB514.2 million in 2027 and RMB860.5 million in 2033, with a CAGR of 19.4% from 2023 to 2027 and a CAGR of 9.0% from 2027 to 2033.

In China, ROS1 mutation accounts for approximately 1.5% of all NSCLC patients, while NTRK mutation accounts for approximately 1.0% of all NSCLC patients. From 2017 to 2023, the number of new cases of NSCLC with ROS1 or NTRK mutation worldwide increased from 36.8 thousand to 43.3 thousand, representing a CAGR of 2.7%. It is estimated that the number of new patients of NSCLC with ROS1 or NTRK mutation worldwide will reach 56.2 thousand in 2033. From 2017 to 2023, the number of new cases of NSCLC with ROS1 or NTRK mutation in China increased from 17.9 thousand to 21.6 thousand, representing a CAGR of 3.2%. It is estimated that the number of new cases of NSCLC with ROS1 or NTRK mutation in China will reach 28.3 thousand in 2033.

As of the Latest Practicable Date, four ROS1/NTRK-TKIs had secured approval from the FDA, including entrectinib by Roche, crizotinib by Pfizer, repotrectinib by BMS, and larotrectinib by Bayer, and there were five ROS1/NTRK-TKIs that secured approval from the NMPA. As of the Latest Practicable Date, there were 30 ROS1/NTRK-TKI candidates under clinical development globally. Among them, there were four candidates that simultaneously target both ROS1 and NTRK with the most clinically advanced candidate in the Phase II clinical stage. For details about the competitive landscape of ROS1/NTRK inhibitors, see "Industry Overview — ROS1/NTRK-TKI Market — Competitive Landscape of ROS1/NTRK-TKIs."

Other Pipeline Products

Our clinical products include the followings:

- TY-2699a is a selective CDK7 inhibitor designed for the treatment of advanced/metastatic solid tumors. Our preclinical studies showed that TY-2699a potentially has improved safety window with blood-brain barrier penetration capability. TY-2699a received implied IND approval from the FDA and IND approval from the NMPA in February 2023 and May 2023, respectively. We are currently conducting a Phase I clinical trial of TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in SCLC and triple-negative breast cancer ("**TNBC**")) in China. We expect to commence Phase Ib clinical trial in the first quarter of 2025.

- TY-0540 is a selective CDK2/4/6 inhibitor intended for the treatment of advanced/metastatic solid tumors. Despite the transformative impact of CDK4/6 inhibitors on HR+/HER2− breast cancer treatment, significant challenges persist, notably primary and acquired resistance. According to Frost & Sullivan, approximately 20% of patients exhibit primary resistance to CDK4/6 inhibitors, rendering initial therapy ineffective, while others develop resistance within approximately 25 months. Once resistance occurs, treatment options often entail higher toxicity and limited clinical benefit, such as mammalian target of rapamycin inhibitors, leading to the emergence of CDK2/4/6 inhibitors as a novel therapeutic avenue to curb cancer cell proliferation. We received implied IND approval from the FDA and the IND approval from the NMPA for conducting Phase I and Phase II clinical trials of TY-0540 for the treatment of advanced solid tumors in June 2023 and September 2023, respectively. We are currently conducting a Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors in China, and expect to commence Phase Ib clinical trial in the first quarter of 2025.

- TY-4028 is a potent, irreversible, oral exon 20 insertion-TKI, targeting locally advanced or metastatic NSCLC with EGFR exon 20 or HER2 exon 20 insertions. EGFR exon 20 insertion is the third common mutation in NSCLC, according to Frost & Sullivan, and among NSCLC patients with EGFR mutation, approximately 7.7% of patients have EGFR exon 20 insertion in China. Patients with exon 20 insertions

are associated with primary resistance to targeted EGFR-TKIs and correlate with a poor patient prognosis. TY-4028 presents an innovative, targeted therapy for this specific subset of NSCLC patients. We received implied IND approval from the FDA and the IND approval from the NMPA in April 2023 and June 2023, respectively. We plan to initiate a Phase I trial of TY-4028 in NSCLC with exon 20 insertion in China in December 2024.

- TY-1091 is a potent and selective rearranged during transfection proto-oncogene ("**RET**") inhibitor. It is intended for the treatment of advanced NSCLC with RET gene fusion, advanced medullary thyroid cancer ("**MTC**") with RET gene mutation and other advanced solid tumors with RET gene alterations. We received implied IND approval from the FDA and the IND approval from the NMPA in August 2022 and December 2022, respectively. We are currently conducting a Phase I clinical trial of TY-1091 in RET fusion-positive solid tumors in China.

In addition, we are developing a number of drug candidates in preclinical or early clinical development stage, including TY-1054, TY-1210, TY-0609 and TY-3200.

Our Technology Platforms

We have established four proprietary and fully-integrated technology platforms centered around the development of new small molecule drugs, which enable us to direct our efforts towards candidates with the best potential to become clinically active, cost-effective and commercially viable drugs:

- Drug design and screening platform: Our drug design and screening platform is a small molecule drug discovery platform, currently focusing on kinase. This platform comprises two important functions, namely, kinase biology and small molecule drug discovery. Notably, all our drug candidates (except TY-9591 and TY-302) were conceived and synthesized within this platform, and have garnered recognition from domestic pharmaceutical companies. For example, we out-licensed the Greater China rights of TY-2136b to Livzon when it was in the preclinical stage.

- Druggability evaluation platform: Equipped with a druggability evaluation platform, we are capable to conduct a wide range of R&D activities in-house, including drug metabolism and pharmacokinetics ("**DMPK**") studies, *in vivo* and *in vitro* bioactivity studies (including animal modeling), toxicity studies, physicochemical characterization, and chemistry, manufacture, and controls processes ("**CMC**") of drug candidates. We are capable to evaluate the efficacy of our drug candidates including kinase inhibitors in-house.

- Translational medicine platform: Our translational medicine platform enables us to conduct research on the pathogenesis of tumors and neurological disorders, and systematically search for and identify potential biomarkers and new drug targets. Using genomics, transcriptomics and proteomics methods, we can systematically assess drug effects.

- CADD/AIDD platform: Our computer-aided drug design ("**CADD**")/artificial intelligence drug design ("**AIDD**") platform is dedicated to aiding our internal drug discovery team. This platform has yielded several pipeline products. For example, TY-2136b, designed to target tyrosine kinases ROS1/NTRK, emerged during lead optimization in CADD. TY-2699a, a CDK7 inhibitor, employed CADD/AIDD in compound design, highlighting the value of AIDD in identifying overlooked aspects to improve therapeutic window.

For details about our technology platforms, see "Business — Research and Development — R&D Platforms."

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiate us from our competitors:

- Third-generation EGFR-TKI (TY-9591) to address significant market demand;

- Medicinal chemistry-driven development capabilities incubating a strategically selected pipeline;

- Clinical demand-oriented clinical development strategy;

- Comprehensive in-house R&D and business development capabilities; and

- Experienced and visionary management team backed by support from renowned Shareholders.

OUR STRATEGIES

We intend to capitalize on our competitive strengths by pursuing the following strategies:

- Accelerate the clinical development of our product candidates;

- Continue enhancing R&D capabilities and expanding our pipeline;

- Enhance manufacturing capability and establish commercialization capability; and

- Explore partnership opportunities to maximize the value of our drug candidates and further expand our product pipeline.

RESEARCH AND DEVELOPMENT

We consistently devote resources to research and development to pave way for long-term growth. Our research and development costs in 2022, 2023 and the three months ended March 31, 2024 amounted to RMB229.8 million, RMB249.3 million and RMB64.7 million, respectively. Our in-house R&D capabilities, built on our proprietary technology platforms, are backed by our R&D centers in Huzhou, Zhejiang and Zhengzhou, Henan. Our R&D centers are equipped with advanced laboratories and state-of-art equipment and instruments such as liquid chromatography, liquid chromatography mass spectrometer, and nuclear magnetic resonance. We believe that our integrated capabilities give us the agility to formulate our innovation, registration, commercialization and product optimization strategies that can navigate us through rapidly changing market needs, enable us to improve pipeline viability and expedite the product development cycle at a lower cost.

As of March 31, 2024, we had 102 members in our R&D team, around 60% of whom held master's or doctoral degrees in relevant fields. The expertise of our team members spans the entire spectrum of drug development, encompassing drug discovery, medicinal chemistry design and virtual screening, preclinical pharmaceutical research, drug testing and purification, formulation development, clinical research, regulatory submissions and platform construction.

Our R&D team is led by Dr. WU Yusheng, the chairperson of our Board, our executive Director and chief executive officer, who has more than 24 years of experience in biomedical research and management. Prior to co-founding the Company, Dr. Wu held prominent positions at world-renowned pharmaceutical companies, such as Schering-Plough Corporation. Dr. Wu has also been a "State Specially Recruited Expert" (國家特聘專家) as conferred by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since 2013. Dr. Wu obtained his doctor's degree in organic chemistry from Iowa State University of Science and Technology. Dr. Wu has also authored more than 120 scientific publications in leading chemistry and medicinal chemistry journals and has been granted more than 40 granted patents.

In addition to Dr. Wu, core members of our R&D team also include Dr. CHEN Shaoqing and Mr. CHEN Xiugui. Dr. Chen, our senior vice president of the medicinal chemistry department, has more than 23 years of experience in medicinal chemistry. Dr. Chen worked as a senior principal scientist at Hoffman-La Roche Inc. for more than 13 years and has served executive roles in a number of prominent listed companies such as Pharmaron, Inc. (康龍化成(北京)新藥技術股份有限公司). Dr. Chen obtained his master's degree and doctor's degree in chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所). Dr. Chen has been accredited as a "National Level Talent" (國家級人才) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) since October 2023. Mr. Chen, our senior vice president of the clinical and registration department, has more than 16 years of experience in clinical development and registration of pharmaceutical products. Mr. Chen worked in prominent pharmaceutical companies such as Ascletis Pharmaceutical (Hangzhou) Co., Ltd. (世方藥業(杭州)有限公司), and Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司).

COMMERCIALIZATION

To capture market demand under fierce competition, we will not only build our in-house sales and marketing capabilities progressively, but also engage contract sales organizations in China to leverage their sales and marketing expertise and well-established networks and resources. See "Business — Commercialization."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had 24 registered trademarks and one domain name, which we consider to be material to our business. As of the Latest Practicable Date, we held 51 issued patents including 17 issued patents in China, one issued patent in the U.S., and 33 issued patents in other jurisdictions, and 136 patent applications including 41 patent applications in China, 14 patent applications in the U.S., 65 patent applications in other jurisdictions, and 16 patent applications under PCT. As of the Latest Practicable Date, for our Core Product, we held 11 issued patents including three issued patents in China, one issued patent in the U.S., and seven issued patents in other jurisdictions, and four patent applications including three patent applications in China and one patent application under PCT.

OUR SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of (i) suppliers of raw materials and consumables for our drug development; and (ii) third-party contractors including contract research organizations ("**CROs**") and contract development and manufacturing organizations ("**CDMOs**"). See "Business — Research and Development — Collaboration with Third Parties" and "Business — Manufacturing and Control — Collaboration with Third Parties." In 2022, 2023 and the three months ended March 31, 2024, our purchases from our five largest suppliers in each year/period during the Track Record Period in the aggregate accounted for 51.8%, 38.8% and 37.3% of our total purchases in the respective year/period, respectively, and purchases from our largest supplier in each year/period during the Track Record Period alone accounted for 20.8%, 10.0% and 9.6% of our total purchases in the respective year/period, respectively. To the best of knowledge of our Directors, except for Sichuan Huiyu Pharmaceutical Co., Ltd., all of our five largest suppliers in each year/period during the Track Record Period are Independent Third Parties. See "Business — Suppliers."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

This summary of key financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this prospectus, as well as the information set forth in "Financial Information."

Summary Consolidated Statements of Profit or Loss and Comprehensive Income

The following table summarizes our consolidated statements of profit or loss and comprehensive income for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	44,242	–	–	–
Cost of sales	(24,199)	–	–	–
Gross profit	**20,043**	**–**	**–**	**–**
Other income and gains	16,223	25,428	3,009	4,740
Research and development costs	(229,809)	(249,252)	(54,980)	(64,699)
Administrative expenses	(33,539)	(59,306)	(10,194)	(21,659)
Other expenses and losses	(102)	(15)	(5)	(70)
Finance costs	(15,506)	(22,236)	(2,137)	(2,361)
Change in fair value of redemption liabilities on equity shares	(69,112)	(77,790)	(18,907)	(23,729)
Loss before tax	**(311,802)**	**(383,171)**	**(83,214)**	**(107,778)**
Income tax expense	–	–	–	–
Loss for the year/period	**(311,802)**	**(383,171)**	**(83,214)**	**(107,778)**
Attributable to:				
Owners of the Company	(310,993)	(382,427)	(83,007)	(107,521)
Non-controlling interests	(809)	(744)	(207)	(257)
Total comprehensive loss for the year/period	**(311,802)**	**(383,171)**	**(83,214)**	**(107,778)**

Our research and development costs attributable to our Core Product were RMB84.3 million, RMB129.9 million and RMB49.4 million in 2022 and 2023 and the three months ended March 31, 2024, respectively.

Our loss for the year increased from RMB311.8 million in 2022 to RMB383.2 million in 2023 primarily due to (i) a decrease in gross profit of RMB20.0 million primarily because we recognized payments received from Livzon in connection with TY-2136b as revenue in 2022 and the next milestone that would trigger payment obligation of Livzon had not been reached as of December 31, 2023; (ii) an increase in administrative expenses of RMB25.8 million primarily due to an increase in listing expenses and an increase in staff costs mainly attributable to increased compensation level; and (iii) an increase in research and development costs of RMB19.4 million mainly driven by the advancement of our research and development activities. Our loss for the period increased from RMB83.2 million for the three months ended

March 31, 2023 to RMB107.8 million for the three months ended March 31, 2024, primarily due to (i) an increase in administrative expenses of RMB11.5 million primarily due to an increase in listing expenses and an increase in staff costs mainly attributable to increased compensation level; and (ii) an increase in research and development costs of RMB9.7 million mainly driven by the advancement of our research and development activities.

See "Financial Information — Our Consolidated Statements of Profit or Loss and Comprehensive Income."

Summary of Certain Selected Items From the Consolidated Statements of Financial Position

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	283,631	339,429	342,409
Total current assets	274,730	233,709	260,584
Total assets	**558,361**	**573,138**	**602,993**
Total current liabilities	962,240	1,300,979	1,372,307
Net current liabilities	**(687,510)**	**(1,067,270)**	**(1,111,723)**
Total non-current liabilities	96,870	152,192	165,359
Total liabilities	**1,059,110**	**1,453,171**	**1,537,666**
Net liabilities	**(500,749)**	**(880,033)**	**(934,673)**
Controlling interests	(505,940)	(884,480)	(938,863)
Non-controlling interests	5,191	4,447	4,190

See "Financial Information — Discussion of Certain Selected Items From The Consolidated Statements of Financial Position."

Our net liabilities increased from RMB500.7 million as of December 31, 2022 to RMB880.0 million as of December 31, 2023, primarily attributable to total comprehensive loss of RMB383.2 million mainly driven by the research and development costs we incurred and an increase in fair value of the Shares held by Pre-IPO Investors. Our net liabilities further increased from RMB880.0 million as of December 31, 2023 to RMB934.7 million as of March 31, 2024, primarily attributable to total comprehensive loss of RMB107.8 million mainly driven by the research and development costs and administrative expenses we incurred and an increase in fair value of the Shares held by Pre-IPO Investors, partially offset by the issue of new Shares of RMB50.0 million.

Our net current liabilities increased from RMB687.5 million as of December 31, 2022 to RMB1,067.3 million as of December 31, 2023, primarily attributable to (i) an increase in redemption liabilities on equity shares of RMB262.8 million mainly due to an increase in fair value of the Shares held by Pre-IPO Investors, and (ii) a decrease in financial assets at FVTPL of RMB146.7 million primarily due to the redemption of certain wealth management products in 2023. Our net current liabilities remained relatively stable at RMB1,067.3 million as of December 31, 2023 and RMB1,111.7 million as of March 31, 2024.

The financial liabilities at FVTPL we recorded as redemption liabilities on equity shares will be re-designated from liabilities to equity as a result of the termination of all special rights of the Pre-IPO Investors upon the Listing (see "History, Development and Corporate Structure — Principal Terms of the Pre-IPO Investments" for more details). As a result, our redemption liabilities on equity shares will be re-designated from liabilities to equity. Considering the re-designation of redemption liabilities on equity shares and the estimated net proceed from the Global Offering, we expect our net liability and net current liability positions to turn into net asset and net current asset positions upon the completion of the Global Offering.

Summary of Consolidated Cash Flow Statements

The following table sets forth our consolidated statements of cash flows for the periods indicated.

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash used in operations before movements in working capital	(218,397)	(251,991)	(58,035)	(65,544)
Changes in working capital	(1,656)	51,047	1,049	(18,374)
Net cash flows used in operating activities	(220,053)	(200,944)	(56,986)	(83,918)
Net cash flows (used in)/from investing activities	(158,165)	73,008	20,428	(142,294)
Net cash flows generated from financing activities	351,139	223,997	57,541	116,590
Net (decrease)/increase in cash and cash equivalents	(27,079)	96,061	20,983	(109,622)
Cash and cash equivalents at beginning of the year/period	117,841	90,762	90,762	186,830
Effect of foreign exchange rate changes, net	–	7	–	–
Cash and cash equivalents at end of the year/period	**90,762**	**186,830**	**111,745**	**77,208**

For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, we had net cash outflows from operating activities of RMB220.1 million, RMB200.9 million and RMB83.9 million, respectively, which were primarily attributable to our research and development costs and administrative expenses incurred during the Track Record Period.

Our Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents and the estimated net proceeds from the Global Offering, and considering our cash burn rate, we have available sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs (including any production costs), research and development costs, and business development and marketing expenses, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, payment for property, plant and equipment and lease payments including related interests. We estimate that we will receive net proceeds of approximately HK$506.3 million in the Global Offering, at an Offer Price of HK$12.10 per Share. Assuming an average cash burn rate going forward of 1.2 times the level in the Track Record Period, we estimate that our cash and cash equivalents and financial assets measured at FVTPL as of March 31, 2024 will be able to maintain our financial viability for over 22.0 months from March 31, 2024, without taking into account 7.0% of the estimated net proceeds from the Global Offering, namely, the portion allocated for our working capital and other general corporate purposes; or, we estimate we will be able to maintain our financial viability for over 23.1 months from March 31, 2024, if we take into account 7.0% of the estimated net proceeds from the Global Offering. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing at least six months after the completion of the Global Offering.

KEY FINANCIAL RATIO

The table below sets forth our key financial ratio as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
Current ratio[(1)]	0.3	0.2	0.2

Note:

(1) Current ratio equals to current assets divided by current liabilities as of the same date.

Our current ratio during the Track Record Period remained relatively low at 0.3 as of December 31, 2022, 0.2 as of December 31, 2023 and 0.2 as of March 31, 2024, primarily due to the significant amount of redemption liabilities on equity shares we recorded as current liabilities. Our current ratio decreased from 0.3 as of December 31, 2022 to 0.2 as of December 31, 2023, primarily due to an increase in redemption liabilities on equity shares. Our current ratio remained stable at 0.2 as of December 31, 2023 and March 31, 2024.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk Factors" in this prospectus. Some of the major risks we face include:

- We face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates. In particular, if any of our competitors obtains regulatory approvals for drugs that may compete with our Core Product or other drug candidates, we may lose our potential first-mover advantage for certain indications and result in negative impact on our financial performance;

- Our business and financial prospects depend substantially on the success of our clinical stage and preclinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed;

- We may not be able to identify, discover or develop new drug candidates, or to identify or develop new indications for our drug candidates, to expand or maintain our product pipeline;

- We invest substantial resources in research and development in order to develop, enhance or adapt to new technologies and methodologies, which may not be successful attempts;

- We have no experience in manufacturing pharmaceutical products, and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products;

- We have no experience in the commercialization of drugs. If we are unable to build, manage, expand and optimize an effective sales and distribution network for our drug candidates, either by ourselves or through third parties, we may not be able to successfully create or increase market awareness of our products or sell our products, which will materially affect our ability to generate product sales revenue;

- If we and our collaboration partner are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the selected markets in the world, or if the scope of such intellectual property rights obtained is not sufficiently broad or a compulsory license is issued, third parties could develop and commercialize drug candidates and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our drug candidates or technologies would be materially and adversely affected;

- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. Any failure to comply with existing or future regulations and industry standards or any adverse actions by drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects;

- We have incurred net losses since inception. We expect to continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability; and

- If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

Given the high risks involved in our business and our industry in general, you may lose substantially all your investments in us. You should read the entire section headed "Risk Factors" in this prospectus before you decide to invest in the Offer Shares.

CONSTRUCTION AND DISPOSAL OF LAND PARCEL

On November 10, 2022, Shanghai Yabao entered into a Contract with the local authority for the land use right of a parcel of land, which was renewed on June 12, 2024. Pursuant to the Contract, Shanghai Yabao shall commence construction on the land parcel by the Commencement Deadline. Pursuant to the Contract and Idle Land Disposal Regulation (《閒置土地處置辦法》), if Shanghai Yabao fails to commence construction within the specified time limit, Shanghai Yabao may be subject to the respective Potential Contractual Consequences and Potential Legal Consequences, which we do not expect to cause any material adverse impact on our liquidity and working capital sufficiency in the foreseeable future. As of the Latest Practicable Date, Shanghai Yabao had not commenced construction on the land parcel.

In addition, we and an Independent Third Party entered into an equity transfer agreement dated December 18, 2023 and supplemental agreements dated March 13, 2024 and June 5, 2024 in relation to the disposal of Shanghai Yabao, which disposal is subject to prior approval by relevant authority. See "History, Development and Corporate Structure — Our Subsidiaries." As of the Latest Practicable Date, we had not obtained approval from relevant authority for the disposal of Shanghai Yabao. However, we do not expect to encounter any material impediment in obtaining such approval. There is no definite timetable for the approval, as it is under the relevant authority's discretion despite our amicable and frequent communication with the authority.

If we fail to obtain the approval from the relevant authority and thus fail to dispose of Shanghai Yabao, we still have available sufficient working capital to cover at least 125% of our costs for at least the next 12 months from the date of this prospectus. Therefore, we do not expect such failure to result in any material adverse impact on our business, results of operations and financial condition.

For more information, see "Business — Properties — Owned Properties."

PRE-IPO INVESTMENTS

Throughout the development of our Group, we received several rounds of Pre-IPO Investments in a total amount of RMB948.7 million. The valuation of our Company upon completion of the last round of the Pre-IPO Investments is RMB3,084.2 million. Our broad and diverse base of Pre-IPO Investors include investors focusing on investment in biotech and healthcare industry, among which Addor Results, Jiangsu SME, Jiangsu Talent, Houyang Tongchi and Houji Tongnuo are sophisticated investors. Upon completion of the Global Offering, each of Addor Results, Jiangsu SME, Jiangsu Talent, Houyang Tongchi and Houji Tongnuo will hold approximately 2.59%, 1.94%, 0.97%, 1.42% and 3.81% of the total issued share capital of our Company, respectively. See "History, Development and Corporate Structure — Principal Terms of the Pre-IPO Investments" in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering, Dr. Wu, together with Ms. Zhu, Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Changxing Liyuan, Changxing Caiyuan and Changxing Gangyuan, will be entitled to exercise approximately 35.39% voting rights in our Company. Therefore, Dr. Wu, Ms. Zhu, Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Changxing Liyuan, Changxing Caiyuan and Changxing Gangyuan are considered as a group of Controlling Shareholders under the Listing Rules. See "Relationship with our Controlling Shareholders" in this prospectus.

CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions which will constitute connected transactions under Chapter 14A of the Listing Rules upon Listing . See "Connected Transactions" in this prospectus.

DIVIDEND

We did not declare or pay any dividend during the Track Record Period. We do not currently have a formal dividend policy or a 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. 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 advised by our PRC Legal Adviser, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering and the H Shares to be converted from the Unlisted Shares.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(1) the Hong Kong Public Offering of initially 4,788,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in the subsection headed "The Hong Kong Public Offering" below; and

(2) the International Offering of initially 43,092,000 Offer Shares (subject to reallocation as mentioned below) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as described in the subsection headed "The International Offering" below.

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$12.10
Market capitalization of our Shares[(1)]	HK$4,487 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(2)]	HK$1.89

Notes:

(1) The calculation of market capitalization is based on 370,835,818 Shares expected to be in issue immediately after completion of the Global Offering, with the reference date being the Listing Date. For more information, please see "History, Development and Corporate Structure — Capitalization of Our Company."

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjusting for the estimated net proceeds from the Global Offering and on the basis of 370,835,818 Shares were in issue, assuming that the Global Offering has been completed on March 31, 2024. For more information, please see Note 4 in "Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and Note 4 in "Appendix II — Unaudited Pro Forma Financial Information".

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$506.3 million, after deducting underwriting commissions, fees and other estimated expenses paid and payable by us in connection with the Global Offering, at an Offer Price of HK$12.10 per Share. We intend to use the net proceeds from the Global Offering for the following purposes:

- 70.0%, or approximately HK$354.4 million, will be used for the research, development and commercialization of our Core Product, namely, TY-9591;
- 20.0%, or approximately HK$101.3 million, will be used for the research and development of our other product candidates, including TY-302, TY-2136b, TY-1091, TY-4028, TY-2699a and TY-0540;
- 3.0%, or approximately HK$15.2 million, will be used for potential strategic acquisition, investment, in-licensing or collaboration opportunities; and
- 7.0%, or approximately HK$35.4 million, will be used for working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds."

LISTING EXPENSES

Our listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. Based on the Offer Price of HK$12.10 per Share, our listing expenses in relation to the Global Offering are estimated to be approximately RMB66.7 million (HK$73.0 million), representing 12.6% of the gross proceeds. The listing expenses consist of (i) underwriting-related expenses, including underwriting commissions, of approximately RMB18.6 million (HK$20.3 million), and (ii) non-underwriting-related expenses of approximately RMB48.1 million (HK$52.7 million), comprising (a) fees and expenses of our legal advisers and reporting accountants of approximately RMB24.9 million (HK$27.5 million), and (b) other fees and expenses of approximately RMB23.2 million (HK$25.2 million).

During the Track Record Period, we incurred listing expenses of RMB25.2 million (HK$27.6 million), RMB15.7 million (HK$17.2 million) of which was charged to our consolidated statements of profit or loss, and RMB9.5 million (HK$10.4 million) of which was attributable to the issue of Shares and will be deducted from equity. We expect to incur additional listing expenses of approximately RMB41.5 million (HK$45.4 million) after the Track Record Period, approximately RMB19.9 million (HK$21.8 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB21.6 million (HK$23.6 million) of which is attributable to the issue of Shares and will be deducted from equity upon Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

Our recent developments of our drug candidates since the end of the Track Record Period include:

- In April 2024, we obtained implied approval from the FDA for conducting clinical trials of TY-1054 in solid tumors.

- In July 2024, we obtained IND approval from the NMPA for conducting clinical trials of TY-1054 in solid tumors.

We have entered into an equity transfer agreement and supplemental agreements to transfer the entire equity interest in Shanghai Yabao to an Independent Third Party with a consideration of RMB34,900,000 and we are in the process of completing this transaction.

We expect to continue to incur net loss for the year ending December 31, 2024 as we continue to advance our research and development activities.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our business, financial condition and results of operations since March 31, 2024, the end of the period reported in the Accountants' Report set out in Appendix I to this prospectus, and up to the date of this prospectus, and there is no event since March 31, 2024 and up to the date of this prospectus that would materially affect the information contained in the Accountants' Report set out in Appendix I to this prospectus.

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Accountants' Report"	the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of our Company adopted on July 19, 2024 with effect upon the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix VI to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Capital Market Intermediary(ies)"	the capital market intermediary(ies) as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Changxing Caiyuan"	Changxing Caiyuan Enterprise Management Partnership (Limited Partnership) (長興彩源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 19, 2023, one of our ESOP Platforms and one of our Controlling Shareholders

"Changxing Gangyuan"	Changxing Gangyuan Enterprise Management Partnership (Limited Partnership) (長興罡源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 18, 2023, one of our ESOP Platforms and one of our Controlling Shareholders
"Changxing Kangyuan"	Kangyuan Pharmaceuticals (Changxing) Co., Ltd. (長興康源製藥有限公司), a company established in the PRC on March 25, 2021 and a non-wholly owned subsidiary of our Company
"Changxing Liyuan"	Changxing Liyuan Enterprise Management Partnership (Limited Partnership) (長興利源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 29, 2018 and one of our Controlling Shareholders
"Changzhou Runnuo"	Changzhou Runnuo Biotechnology Co., Ltd. (常州潤諾生物科技有限公司), a company established in the PRC on August 14, 2014
"China" or "the PRC"	the People's Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	China National Intellectual Property Administration (國家知識產權局)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	TYK Medicines, Inc (浙江同源康醫藥股份有限公司), a joint stock company incorporated in the PRC with limited liability on November 2, 2017
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Wu, Ms. Zhu, Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Changxing Liyuan, Changxing Caiyuan and Changxing Gangyuan, details of which are set forth in the section headed "Relationship with Our Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules and in this context, refers to TY-9591
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"COVID-19"	an infectious disease caused by the SARS-CoV-2 virus
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dr. Wu"	Dr. WU Yusheng (吳豫生), the chairperson of our Board, our executive Director, chief executive officer and one of our Controlling Shareholders
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"Employee Incentive Scheme"	the employee equity incentive scheme of our Company which was adopted on May 19, 2023, a summary of the principal terms of which is set forth in the paragraph headed "Appendix VII — Statutory and General Information — Further Information About Our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Scheme" in this prospectus
"ESOP Platforms"	Changxing Caiyuan and Changxing Gangyuan

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FINI"	Fast Interface for New Issuance, an online platform operated by HKSCC for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this prospectus
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Greater China"	for the purpose of this prospectus, the PRC, Hong Kong, Macau and Taiwan
"Group", "our Group", "we", "us" or "our"	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Guangzhou Boji"	Boji Medical Technology Co., Ltd. (博濟醫藥科技股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 300404), whose former name was Guangzhou Boji Medical & Biotechnological Co., Ltd. (廣州博濟醫藥生物技術股份有限公司)

"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HKFRS"	the Hong Kong Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the Hong Kong Accounting Standards Board (HKASB) and the Hong Kong Accounting Standards (HKAS) and interpretations issued by the Hong Kong Accounting Standards Committee (HKASC)
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of the HKSCC
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force

"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 4,788,000 H Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong, on and subject to the terms and conditions described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated August 9, 2024 relating to the Hong Kong Public Offering and entered into by, among others, our Company, the Controlling Shareholders, the Joint Global Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting" in this prospectus
"Huzhou Derui"	Huzhou Derui Medical Technology Co., Ltd. (湖州德瑞醫藥科技有限公司), a company incorporated in the PRC with limited liability on March 3, 2020 and one of our Controlling Shareholders
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)

"Independent Third Party(ies)"	any person(s) or entity(ies) who, to the best of Directors' knowledge, information and belief having made all reasonable enquiries is not a connected person of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 43,092,000 H Shares being initially offered by us for subscription under the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act or any other available exemption from the registration requirement under the U.S. Securities Act, on and subject to the terms and conditions described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into on or around August 16, 2024 by, among others, our Company, the Controlling Shareholders, the Joint Global Coordinators and the International Underwriters, as further described in the section headed "Underwriting" in this prospectus
"IP Legal Adviser"	JunHe LLP, the legal adviser of our Company as to intellectual property law in PRC and the United States
"Latest Practicable Date"	August 2, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about August 20, 2024, on which the H Shares are listed and dealings in the H Shares are first permitted to commence on the Hong Kong Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Livzon"	Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000513) and Hong Kong Stock Exchange (stock code: 01513)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Zhu"	Ms. ZHU Ming Julia, spouse of Dr. Wu and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	HK$12.10 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023, as amended, supplemented or otherwise modified from time to time
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PCT"	the Patent Cooperation Treaty, which assists applicants in seeking patent protection internationally for their inventions, help patent offices with their patent granting decisions, and facilitates public access to a wealth of technical information relating to those inventions
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	JunHe LLP, the legal adviser of our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investor(s) pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"R&D"	research and development

"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局)
"Scientific Committee"	the scientific committee of our Board
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shanghai, including Southbound Trading and Northbound Trading
"Shanghai TYK"	TYK Medicines (Shanghai) Co., Ltd. (上海同源康醫藥有限公司), a company incorporated in the PRC with limited liability on May 25, 2020 and a wholly-owned subsidiary of our Company
"Shanghai Yabao"	Yabao Biotechnology (Shanghai) Co., Ltd. (上海雅葆生物科技有限公司), a company incorporated in the PRC on November 22, 2021 and a wholly-owned subsidiary of our Company

"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Unlisted Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shenzhen
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Sole Sponsor"	the sole sponsor of the listing of the H Shares on the Hong Kong Stock Exchange as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"sophisticated investor(s)"	has the meaning ascribed thereto under Chapter 2.3 of the Guide for New Listing Applicants
"Sponsor-overall Coordinator"	the sponsor-overall coordinator as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"sq.m."	square meters
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified from time to time
"Tetranov Pharmaceutical"	Tetranov Pharmaceutical (Zhengzhou) Co., Ltd. (鄭州泰基鴻諾醫藥股份有限公司) (formerly known as Tetranov Pharmaceutical Technology (Zhengzhou) Co., Limited (鄭州泰基鴻諾藥物科技有限公司)), a company incorporated in the PRC with limited liability on November 26, 2007 and one of our Controlling Shareholders
"Track Record Period"	the two years ended December 31, 2023 and the three months ended March 31, 2024
"TYK USA"	TYK Medicines USA, Inc, a company incorporated under the laws of the State of New Jersey, the United States on May 16, 2023 and a wholly-owned subsidiary of our Company
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange

"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Zhengzhou Derui"	Zhengzhou Derui Medical Technology Co., Ltd. (鄭州德瑞醫藥科技有限公司), a company incorporated in the PRC with limited liability on December 20, 2017 and one of our Controlling Shareholders
"Zhengzhou Hongnuo"	Zhengzhou Hongnuo Enterprise Management Consulting Center (Limited Partnership) (鄭州鴻諾企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on April 26, 2016 and one of our Controlling Shareholders
"Zhengzhou TYK"	TYK Medicines (Zhengzhou) Co., Ltd. (鄭州同源康醫藥有限公司), a company incorporated in the PRC with limited liability on October 28, 2020 and a wholly-owned subsidiary of our Company
"%"	per cent

In this Prospectus, unless the context otherwise requires, explanations and definitions of certain terms used in this Prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"ADRs"	adverse drug reactions
"ADT"	androgen deprivation therapy, which is designed to either stop testosterone from being produced or to directly block it from acting on prostate cancer cells
"advanced" or "late stage"	stage IIIb to IV cancer when used to describe cancer, based on the classification by International Association for the Study of Lung Cancer in 2017
"adverse event" or "AE"	any untoward medical occurrence in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which does not necessarily have a causal relationship with the treatment
"AIDD"	artificial intelligence drug design
"AKT"	protein kinase B, a key element of the PI3K/AKT signaling pathway, which regulates the hallmarks of cancer, e.g. tumor growth, survival and invasiveness of tumor cells
"ALK"	anaplastic lymphoma kinase
"apoptosis"	a form of programmed cell death
"AR"	androgen receptor
"assay"	an analysis done to determine the presence of a substance and the amount of that substance and the biological or pharmacological potency of a drug
"ATP"	adenosine triphosphate, a nucleotide that provides energy to drive and support many processes in living cells, such as muscle contraction, nerve impulse propagation, condensate dissolution, and chemical synthesis
"AUC"	the area under the curve, a measure of how much of a drug is in a patient's system over a given time period. In order to calculate the AUC, both the AUC0-t and the AUC0-inf must be calculated

"$AUC_{0-\infty}$"	area under the concentration-time curve from the first time point measured (0) extrapolated to infinity (∞)
"autoimmune diseases"	diseases such as rheumatoid arthritis and lupus which arise from an abnormal immune response of the body against substances and tissues normally present in the body
"BBB"	blood brain barrier, a natural protective membrane that prevents central nervous system from toxins and pathogens in blood
"BID"	twice daily
"CADD"	computer-aided drug design
"CAK"	cyclin-dependent kinase (CDK)-activating kinase, a member of the CDK family which functions as a positive regulator of Cdk1, Cdk2, Cdk4, and Cdk6
"CBR"	clinical benefit rate, the percentage of patients with advanced or metastatic cancer who achieved a complete response, partial response, and stable disease while on a therapeutic intervention in clinical trials of antitumor agents
"CDE"	Center for Drug Evaluation
"CDK"	cyclin-dependent kinase, protein kinases characterized by needing a separate subunit, a cyclin, that provides domains essential for enzymatic activity
"CDK4/6"	cyclin-dependent kinase 4/6
"CDMO"	contract development and manufacturing organization, which is a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"cell culture"	the process by which cells are grown under controlled conditions, generally outside of their natural environment

"cell line"	a population of cells which descend from a single cell and contain the same genetic makeup, thereby producing the same proteins. The productivity of a cell line determines the cost of manufacturing and the quality of a cell line is directly related to the quality of the relevant biologics
"cGMP"	current good manufacturing practice
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"C_{max}"	maximum measured serum concentration
"CMC"	chemistry, manufacture, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time
"combination therapy"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease
"CR"	complete response
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CSCO"	Chinese Society of Clinical Oncology
"CTD"	C-terminal domain
"cytotoxicity"	toxicity to living cells
"disease control rate" or "DCR"	the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses (CR), partial responses (PR) and stable disease (SD) lasting at least six weeks

"DLT"	dose-limiting toxicity, a specified quantity of a therapeutic agent, such as a drug or medicine, prescribed to be taken at one time or at stated intervals
"DMPK"	drug metabolism and pharmacokinetics
"DNA"	deoxyribonucleic acid
"DoR"	duration of response, is commonly defined as the time from onset of response to progression or death due to any reason, whichever occurs earlier
"EGF"	epidermal growth factor
"EGFR"	epidermal growth factor receptor
"ER+"	estrogen receptor positive
"ERCP"	endoscopic retrograde cholangiopancreatography, a procedure that combines upper gastrointestinal endoscopy and fluoroscopy to diagnose and treat problems of the biliary or pancreatic ductal systems
"FAK"	Focal adhesion kinase, an integrin-associated protein tyrosine kinase that is frequently overexpressed in advanced human cancers
"FDA"	the United States Food and Drug Administration
"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment of a given type and stage of cancer. It is also called primary treatment or therapy
"FLAURA"	a double-blind, Phase III trial of osimertinib monotherapy as first-line treatment in advanced NSCLC with EGFR mutations that compared the efficacy and safety of osimertinib with that of two other EGFR-TKIs, gefitinib or erlotinib
"FLAURA2"	a Phase III trial that compares osimertinib plus chemotherapy to osimertinib monotherapy for advanced NSCLC with EGFR mutations

"GDNF"	glial cell line-derived neurotrophic factor
"glioblastoma"	tumors that arise from astrocytes — the star-shaped cells that make up the "glue-like," or supportive tissue of the brain
"GMP"	good manufacturing practice
"Grade"	term used to refer to the severity of adverse events, using Grade 1, Grade 2, Grade 3, etc.
"H/D exchange"	hydrogen/deuterium exchange, a bioisosteric replacement in which a covalently bonded hydrogen atom is replaced by a deuterium atom
"head-to-head comparison"	a study designed to evaluate a drug compared to an existing therapy
"HER2"	human epidermal growth factor receptor 2
"HER2-"	human epidermal growth factor receptor 2-negative
"HR+"	hormone receptor-positive
"immune response"	the body's response caused by its immune system being activated by antigens, and can include immunity to pathogenic microorganisms and its products, allergies, graft rejections, as well as autoimmunity to self-antigens
"implied approval" or "implied IND approval"	an IND application that goes into effect 30 days after FDA receives the application, without any notification to the sponsor that the investigations described in the application are subject to a clinical hold
"*in vitro*"	studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"*in vivo*"	studies in which the effects of various biological entities are tested on whole, living organisms as opposed to a partial or dead organism, or those done *in vitro*
"IND"	investigational new drug or investigational new drug application

"innovative drug"	A clinically valuable drug with active pharmaceutical ingredients that are new chemical compounds with clear structure and pharmacological actions
"JAK"	Janus tyrosine kinase, a family of intracellular, non-receptor tyrosine kinases that transduce cytokine-mediated signals via the JAK-STAT pathway
"JNK"	c-Jun N-terminal kinase, which plays a central role in stress signaling pathways implicated in gene expression, neuronal plasticity, regeneration, cell death, and regulation of cellular senescence
"K-RAS"	Kirsten rat sarcoma viral oncogene homolog, a signal transducer protein, which plays an important role in various cellular signaling events such as in regulation of cell proliferation
"ligand"	a substance that forms a complex with a biomolecule to serve a biological purpose
"LTK"	leukocyte receptor tyrosine kinase
"LUX-Lung 7"	a Phase IIb trial of afatinib versus gefitinib as first-line treatment of patients with EGFR mutation-positive non-small-cell lung cancer
"MAPK"	mitogen activated protein kinase, a type of protein kinase that is specific to the amino acids serine and threonine
"mCRPC"	metastatic castration-resistant prostate cancer, a type of prostate cancer that has spread to other parts of one's body, which is no longer responding to hormone treatment that lowers testosterone
"MET"	the gene mesenchymal epithelial transition, a receptor tyrosine kinase protein which is amplified in a subpopulation of lung cancer patients
"metastatic"	in reference to any disease, including cancer, disease-producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"monotherapy"	therapy that uses a single drug to treat a disease or condition

"MTC"	medullary thyroid cancer, a form of thyroid carcinoma which originates from the parafollicular cells, which produce the hormone calcitonin
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"mTOR"	the mammalian target of rapamycin, which coordinates eukaryotic cell growth and metabolism with environmental inputs including nutrients and growth factors
"NDA"	new drug application
"NMPA"	National Medical Products Administration of China
"NRDL"	National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer
"NTRK"	neurotrophic tyrosine receptor kinase
"nude mouse"	a naturally mutated mouse that lacks a thymus and also lacks hair (nude). The lack of a thymus in the nude mouse results in T-cell deficiency, thereby making the nude mouse immunodeficient and able to accept foreign tissue such as human tumors
"open-label"	describes clinical trials in which both the researchers and participants know which treatment is being administered, i.e. not blinded
"ORR"	objective response rate
"OS" or "overall survival"	the time from randomization to death from any cause
"OSCC"	oral squamous cell carcinoma, one of the most common types of oral cancer. It involves damage to oral epithelial cells due to accumulation of multiple genetic mutations in the cells
"PALOMA-1"	an open-label Phase II trial comparing progression-free survival in patients with advanced ER+/HER2– BC treated with palbociclib plus letrozole or letrozole alone

"PALOMA-2"	a randomized (2:1), multicenter, multinational, double-blind Phase III study designed to assess the PFS of IBRANCE (125 mg orally once daily for three out of four weeks in repeated cycles) in combination with letrozole (2.5 mg once daily continuously) versus letrozole plus placebo as a first-line treatment for postmenopausal women with ER+, HER2– metastatic breast cancer
"PALOMA-3"	a double-blind Phase III study, included 521 patients with HR+/HER2- metastatic breast cancer with disease progression on endocrine therapy. Patients either receive palbociclib plus fulvestrant or placebo plus fulvestrant to investigate PFS of the combination therapy
"PD"	pharmacodynamics, the study of a drug's molecular, biochemical, and physiologic effects or actions
"PDX"	patient-derived xenograft models
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer, the T cell turns off its ability to kill the cell
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Phase I clinical trial"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trial"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage

"Phase III clinical trial"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"pivotal trial" or "registrational trial"	the final controlled trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
"PI3K"	phosphoinositide 3-kinase, a family of enzymes involved in cellular functions such as cell growth, proliferation, differentiation, motility, survival and intracellular trafficking, which in turn are involved in cancer
"placebo"	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"PR"	partial response or partial response rate
"preclinical study(ies)"	preclinical studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"progression-free survival" or "PFS"	the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
"PROTAC"	proteolysis targeting chimera, an emerging therapeutic entity designed to degrade target proteins by hijacking the ubiquitin-proteasome system
"psoriasis"	a condition in which skin cells build up and form scales and itchy, dry patches
"QA"	quality assurance
"QC"	quality control

"QD"	once daily
"Rb"	retinoblastoma protein, which functions as a cell cycle regulator controlling G1 to S phase transition and plays critical roles in tumor suppression
"relapsed"	when used in reference to any disease, including cancer, the return of a disease or the signs and symptoms of a disease after a period of improvement. With respect to cancer, the likely relapse occurs because a few of the original cancer cells survived the initial treatment. Sometimes, this is because cancer cells spread to other parts of the body and were too small to be detected during the follow-up immediately after treatment
"RET"	rearranged during transfection proto-oncogene
"ROS1"	ROS proto-oncogene 1
"RP2D"	recommended Phase II dose
"SCLC"	small cell lung cancer
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately. The management of a cancer case requires regular evaluation of treatment and adjustment as needed. A break with the primary treatment and an adoption of a new regimen signals "second-line treatment." The first-line therapy may not have worked, may have had some limited efficacy, or may have produced unacceptable side effects, damaged organs in the body, or jeopardized the patient's life. Sometimes first-line therapies show progress for a period of time followed by a stalling or continued growth of the cancer. Often the FDA, the NMPA or other drug regulatory authority will specifically approve a new drug for second-line therapy. This labeling is common for new drugs that treat cancers which already have accepted treatments
"serious adverse events" or "SAEs"	any untoward medical occurrence in a patient during clinical trials that results in death, is life-threatening, requires inpatient hospitalization or prolongation of existing hospitalization, results in persistent or significant disability/incapacity, or is a congenital anomaly/birth defect

"single-arm"	describes clinical trials in which everyone enrolled in a trial receives the experimental therapy
"SMDC"	small molecule drug conjugate, an approach for targeted therapy which allows small molecules as the targeted ligand to release a potent cytotoxic agent selectively in the tumor microenvironment to enhance the therapeutic potential of antitumor drugs
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them. Examples of solid tumors are sarcomas, carcinomas, and lymphomas
"SRC"	non-receptor tyrosine kinases known to influence cell proliferation, differentiation, and migration in a cell autonomous manner
"stable disease" or "SD"	in oncology, it refers to cancer that is neither decreasing nor increasing in extent or severity
"subcutaneous"	situated or applied under the skin
"synergistic effect"	an interaction between two or more drugs that causes the total effect of the drugs to be greater than the sum of the individual effects of each drug, which can be beneficial or harmful
"TCM"	traditional Chinese medicine
"TEAE(s)"	treatment emergent adverse events, an event that emerges during treatment, having been absent pretreatment, or worsens relative to the pretreatment state
"TID"	three times daily
"TKD"	tyrosine kinase domain
"TKI"	tyrosine kinase inhibitors, a class of pharmaceuticals that inhibits tyrosine kinases to keep cancer cells from growing
"TNBC"	triple-negative breast cancer

"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals. Acute toxicity involves harmful effects in an organism through a single or short-term exposure. It is expressed generally as a dose response
"TRK"	tropomyosin related kinase
"YAP"	yes associated protein, an oncoprotein located in the cytoplasm in an inactive form, which translocates to the nucleus and activates the transcription of genes responsible for cell division and apoptosis when activated

This prospectus contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our product candidates;
- our future debt levels and capital needs;
- changes to the economic, political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this prospectus. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose substantial or all of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements".

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR DRUG CANDIDATES

We face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates.

The pharmaceutical industry is subject to fierce competition and rapid and significant technological advancements. We face competition with respect to our current drug candidates from existing products and product candidates under development in the entire oncology market, in addition to approved oncology therapy options including surgery, radiotherapy and chemotherapy, and we will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future. Our competitors include major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. We are developing our drug candidates in competition with a number of companies that have commercialized, are in the process of commercializing, or are pursuing the development of drugs for the same target indications as ours. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

Even if successfully developed and subsequently approved by the NMPA, the FDA or other comparable regulatory authorities, our drug candidates may still face competition in various aspects, including safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price and patent status. Many of our competitors against which we are competing or against which we may compete may have substantially greater financial, technical and human resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials,

obtaining regulatory approvals and marketing approved drugs than we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or achieve better acceptance in the markets in which we operate or have established a competitive position. As of the Latest Practicable Date, there were two third-generation EGFR-TKI candidates indicated for NSCLC with brain metastases. For details regarding the competitive landscape of TY-9591, see "Industry Overview — EGFR-TKI Drugs Market — EGFR-TKI — Competitive Landscape of Third-Generation EGFR-TKIs in China." If any of our competitors obtains regulatory approvals for drugs that may compete with our Core Product or other drug candidates, we may lose our potential first-mover advantage for certain indications and result in negative impact on our financial performance.

Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring, or licensing products that are more effective or less costly than our drug candidates or any future drug product that we may develop, or achieve earlier patent protection, regulatory approvals, product commercialization, and market penetration than we do. Our competitors also may obtain approval from the NMPA, the FDA or other regulatory authorities for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. They may cause us to experience delay in obtaining regulatory approval for our drug candidates or render our drug candidates obsolete or non-competitive before we can recover the expenses of developing and commercializing any of our drug candidates.

Our business and financial prospects depend substantially on the success of our clinical stage and preclinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

Our revenue and profitability are substantially dependent on our ability to complete the development of our drug candidates, obtain requisite regulatory approvals and successfully manufacture and commercialize our drug candidates. As of the Latest Practicable Date, none of our drug candidates have been approved for marketing in China. We have invested a significant portion of our efforts and capital resources in the development of our drug candidates, and we expect to incur substantial and increasing expenditures for the development and commercialization of our drug candidates in the future.

We cannot guarantee that we will be able to obtain regulatory approvals for our drug candidates in a timely manner, or at all. The success of our drug candidates will depend on several factors, including but not limited to:

- completion of preclinical studies as well as completion of clinical trials, including successful enrollment of patients;
- favorable safety and efficacy data from our clinical trials and other studies;
- obtaining sufficient supplies of any drug products that are used in combination with our drug candidates, competitor drugs or comparison drugs that may be necessary for use in clinical trials for evaluation of our drug candidates;
- establishing sufficient commercial manufacturing capabilities;
- the capabilities and competence of our collaboration partner and the success of clinical trials conducted by, or jointly with, our collaboration partner;
- the performance by CROs or other third parties we may retain to conduct clinical trials and preclinical studies of their duties to us in a manner that complies with our protocols and applicable laws without damaging or compromising the integrity of the resulting data;
- obtaining, maintaining, and enforcing patent, trademark, trade secret, and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patents, trademarks, trade secrets or other intellectual property rights of third parties, and successfully defend against any claims by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party;
- receipt of regulatory approvals from applicable regulatory authorities;
- successfully launching commercial sales of our drug candidates, if and when approved;
- obtaining and maintaining favorable reimbursement from third-party payers for drugs, if and when approved;
- success of our products, particularly our Core Product which faces competition from several approved products and product candidates under development, in competing with these and other drug candidates and drugs;

- sufficient market demand for our products, particularly for our Core Product, as it mainly targets patients with late-stage NSCLC and brain metastases from NSCLC with limited natural survival period and therefore they may be reluctant to spend substantial financial resources to treat terminal or deadly disease; and

- continued acceptable safety profiles of our drug candidates following regulatory approvals.

If we do not achieve one or more of these in a timely manner or at all, we could experience significant delays or difficulties in obtaining approvals for and commercializing our drug candidates, which would materially harm our business and may prevent us from generating sufficient revenues and cash flows to continue our operations.

We may not be able to identify, discover or develop new drug candidates, or to identify or develop new indications for our drug candidates, to expand or maintain our product pipeline.

Although we expect to focus a substantial amount of our efforts on the continued clinical testing, potential approval, and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to identify, discover, develop or commercialize additional drug candidates, or to identify or develop new indications for our drug candidates. Some drug candidates are technically challenging to develop and manufacture. We may consider pursuing collaboration with third parties in the discovery and development of potential drug candidates, but we cannot assure you that such collaboration will be able to deliver the intended results.

Research programs to identify new drug candidates and to develop our drug candidates for additional indications require substantial technical, financial and human resources. Our research programs may initially show promising results in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including, without limitation, the following:

- our research or business development methodology or search criteria and process may be unsuccessful in identifying potential indications and/or new drug candidates; and

- our potential drug candidates may, after further study, be shown to have harmful side effects or may have other characteristics that may make the drug candidates unlikely to achieve desired efficacy, unmarketable or unlikely to receive marketing approval.

Accordingly, there can be no assurance that we will be able to identify new drug candidates or develop new indications for our drug candidates or to develop suitable potential drug candidates through internal research programs. We may invest efforts and resources in potential drug candidates or indication expansions that ultimately prove to be unsuccessful. Any of the foregoing events will have a material adverse effect on our business, results of operations and prospects.

We invest substantial resources in research and development in order to develop, enhance or adapt to new technologies and methodologies, which may not be successful attempts.

The global pharmaceutical industry is constantly evolving and in order to maintain our competitive position, we need to keep up with new technologies and methodologies. For example, we have made significant efforts to develop our technology platforms, which allow us to continuously develop a strong pipeline of drug candidates. For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, our research and development costs were RMB229.8 million, RMB249.3 million and RMB64.7 million, respectively. We must continue to allocate significant human and capital resources to develop or acquire technologies that will enable us to improve the breadth and caliber of our clinical trials. We intend to continue to enhance our technical capabilities in drug discovery, development and manufacturing, which are capital-and-time-intensive. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products, or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may render our previous efforts obsolete, which could significantly reduce the competitiveness of our technology platforms and drug candidates, and harm our business and prospects.

Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may encounter unexpected difficulties in executing our clinical trials and commercializing our drug candidates on a timely basis.

As of the Latest Practicable Date, some of our drug candidates were under preclinical stage. See "Business — Our Drug Candidates." Commencement of a clinical trial is subject to finalizing trial design based on ongoing discussions with the NMPA, the FDA or other regulatory authorities. We cannot assure you as to when the clinical trials for our drug candidates in discovery and preclinical stages will begin, if at all.

As of the Latest Practicable Date, our Core Product and a number of other drug candidates were under clinical trials in China. However, the successful completion of clinical trials is an essential requirement to obtain NDA or similar approvals from the NMPA, the FDA, or other comparable regulatory authorities for each of our drug candidates and, ultimately, the commercialization of our drug candidates. Clinical trials, however, come with an expense, are challenging to plan and carry out, and can take years to finish with no guarantee of success. Failure can occur at any time or stage during the clinical development process, which would result in a material and adverse effect on our business, financial condition and results of operations.

We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approvals for the development and commercialization of our drug candidates, including but not limited to situations whereby:

- regulators may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated, or the number of patients required for clinical trials of our drug candidates may be larger than we anticipate;
- we may not be able to reach agreements on acceptable terms with prospective third-party contractors and they may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we may have to suspend or terminate clinical trials of our drug candidates for various reasons, including non-compliance with regulatory requirements, a finding of a lack of meaningful clinical responses, a finding that participants are being exposed to unacceptable health and safety risks or other unexpected characteristics;
- the costs of clinical trials of our drug candidates may be substantially higher than anticipated; and
- we may encounter various manufacturing issues, including inability to ensure that the supply and quality of our drug candidates and other materials necessary to conduct clinical trials of our drug candidates is sufficient and adequate.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may:

- be delayed in obtaining regulatory approval for our drug candidates or not obtain regulatory approval at all;
- obtain approval for proposed indications that are not as broad as intended;
- have the drug removed from the market after obtaining regulatory approval;
- be subject to additional post-marketing testing requirements;
- be subject to restrictions on how the drug is distributed or used; or
- be unable to obtain reimbursement for use of the drug.

Delays in clinical trials or obtaining regulatory approvals may result in increases in our drug development costs. We cannot assure you whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant delays in clinical trials could also shorten any periods during which we have the right to commercialize our drug candidates or allow our competitors to bring drugs to market before we do, which could impair our ability to commercialize our drug candidates and may have an adverse effect on our business and results of operations.

If we encounter difficulties in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients in the clinical trials. We may fail or experience significant delays to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the NMPA, the FDA, or similar regulatory authorities. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials.

Patient enrollment for our clinical trials may be affected by many factors. For example, some of our competitors have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' drug candidates. Other factors include:

- severity of the disease under investigation;
- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- our resources to facilitate timely enrollment in clinical trials;
- the ability to obtain and maintain informed consents;
- the risk that enrolled patients will not complete a clinical trial;
- clinicians' and patients' perceptions as to the potential advantages and risks of the candidate being studied compared to other available therapies, including any new products that may be approved for the indications we are investigating as well as any candidates under development;

- patient referral practices of physicians;
- our investigators' or clinical trial sites' efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- epidemics.

Failure to enroll a sufficient number of patients in our clinical trials on a timely manner could prevent completion of our trials and adversely affect our ability to advance the development of our drug candidates.

AEs or undesirable side effects caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved drug, or result in other significant negative consequences.

AEs and undesirable side effects caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and may result in a narrowed scope of indications or a more restrictive label of our drug candidates, a delay or denial of regulatory approval by the NMPA, the FDA or other comparable regulatory authorities, or a significant change in our clinical protocol or even our development plan. Results of trials conducted by us or by our collaboration partner with respect to our licensed drug candidate could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated, and the NMPA, the FDA, or other comparable regulatory authorities could order us or our collaboration partner, as applicable, to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. AEs related to our drug candidates may also affect patient enrollment or the ability of enrolled patients to complete the trial, and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects.

Additionally, any AEs or undesirable side effects caused by our drug candidates after they receive regulatory approval may lead to potentially significant negative consequences which include, but are not limited to, the following:

- regulatory authorities may withdraw approvals or revoke licenses of our approved drug candidates;
- we, or our collaboration partner, as applicable, may have to suspend marketing of our approved drug candidates;
- regulatory authorities may require additional warnings on the label of an approved drug candidate or impose other limitations on an approved drug candidate;

- the NMPA, the FDA or a comparable regulatory authority may require the establishment of a Risk Evaluation and Mitigation Strategy, or other similar plans, which may restrict distribution of our approved drug candidates and impose burdensome implementation requirements on us, among other risk mitigation tools;

- we, or our collaboration partner, as applicable, may be required to change the way the drug candidate is administered, or conduct post-marketing studies;

- we could be subject to litigation proceedings and held liable for harm caused to patients exposed to or taking our drug candidates, who may suffer from adverse events related to the treatment; and

- our reputation may suffer.

Further, combination therapy using our drug candidates together with third-party agents may involve AEs, which in some cases could be exacerbated compared with AEs from monotherapies. Any of these events could prevent us or our collaboration partner, as applicable, from achieving or maintaining market acceptance of any particular drug candidate that is approved and could significantly harm our business, financial condition, results of operations and prospects.

Results of early clinical trials may not be predictive of future trial results.

The results of preclinical studies and early clinical trials and non-head-to-head analyses may not be predictive of the success of later phase clinical trials, and favorable initial or interim results of a clinical trial do not necessarily predict successful final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the pharmaceutical and biopharmaceutical industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. As drug candidates are developed through preclinical to early- to late-stage clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives.

In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including ethnical and genetic differences, patient adherence to the dosing regimen and other trial protocol elements, the rate of dropout among clinical trial participants, and other compounding factors, such as other medications or pre-existing medical conditions. In the case of any trials we conduct, results may differ from earlier trials due to, among other things, the larger number of clinical trial sites, additional countries and languages involved in such trials, the different conductors of the trials, different clinical trial standards required in different jurisdictions, different patient population, and different standard of care and pretreatment of patients before enrolling in such trials. Any of these changes could make the results of planned clinical trials or other future clinical trials we may initiate less

predictable and could cause our drug candidates to perform differently, which could delay completion of clinical trials, delay approval of our drug candidates and/or jeopardize our ability to commence commercialization of our drug candidates. Further more, there can be no assurance that non-head-to-head analyses (e.g., comparisons with competing drugs based on their publicly available study and trial data) will be predictive of future clinical results.

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

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products. 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, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain development and commercialization rights to such drug candidate, or we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

We may be unable to successfully develop or market our drug candidates or may experience significant regulatory delays, if safety, efficacy or other issues arise from any pharmaceutical product or medical treatment used, or intended to be used, in combination with our drug candidates.

We plan to develop certain of our drug candidates, such as TY-9591 and TY-302, for combination therapies. For example, We are exploring TY-9591 in combination with chemotherapy for the treatment of NSCLC with EGFR mutations, TY-302 in combination with toremifene for the treatment of breast cancer, as well as TY-302 in combination with abiraterone for the treatment of prostate cancer.

If any of the NMPA, the FDA or other comparable regulatory authorities revokes its approvals of the pharmaceutical products or medical treatments we intend to use in combination with our drug candidates, we may not be able to develop or market our drug candidates as a combination therapy as planned. In addition, if safety or efficacy issues arise with these pharmaceutical products or medical treatments that we seek to combine with our drug candidates, we may also experience significant regulatory delays, and be required to re-design or terminate the relevant clinical trials. Moreover, if manufacturing or other issues result in a supply shortage of any component in the combination therapies we are developing, we may not be able to complete clinical development of our drug candidates under our target timetable or within our current budget, or at all.

The data and information that we gather in our research and development process could be inaccurate or incomplete, which could harm our business, reputation, financial condition and results of operations.

We collect, aggregate, process, and analyze data and information from our preclinical studies and clinical trials. We also engage in substantial information gathering following the identification of a promising drug candidate. Because data in the healthcare industry is fragmented in origin, inconsistent in format, and often incomplete, the overall quality of data collected or accessed in the healthcare industry is often subject to challenge, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and we often discover data issues and errors when monitoring and auditing the quality of our data. If we make mistakes in the capture, input, or analysis of these data, our ability to advance the development of our drug candidates may be materially harmed and our business, prospects and reputation may suffer.

We also engage in the procurement of regulatory approvals necessary for the development and commercialization of our drug candidates, for which we manage and submit data to governmental authorities. These processes and submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies and regulations, interim, top-line or preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data, in which case we may be exposed to liability to a patient, court or government agency that concludes that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous. The insurance coverage for clinical trials may prove to be inadequate or could cease to be available to us on acceptable terms, or at all. Even unsuccessful claims could result in substantial costs and diversion of management time, attention, and resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

In addition, we rely on certain third parties, such as CROs, to monitor and manage data for some of our ongoing preclinical studies and clinical trials and control only certain aspects of their activities. If any of our CROs or other third parties do not perform to our standards in terms of data accuracy or completeness, data from those pre-clinical and clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For a detailed discussion, please see "— Risks Relating to Our Reliance on Third Parties — We work with various third parties to develop our drug candidates, such as those who help us conduct our preclinical studies and clinical trials. If these third parties 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, and our business could be materially harmed."

In conducting drug discovery, development and commercialization, we face potential liabilities, in particular, product liability claims or lawsuits that could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the clinical trials and any future commercialization of our drug candidates inside and outside China. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws.

Liability claims may result in decreased demand for our drug candidates, injury to our reputation, withdrawal of clinical trial participants and inability to continue clinical trials, initiation of investigations by regulators, costs to defend the related litigation, a diversion of management's time and our resources, substantial monetary awards to trial participants or patients, product recalls, withdrawals, or labeling, marketing or promotional restrictions, loss of revenue, exhaustion of any available insurance and our capital resources, the inability to commercialize any approved drug candidate, and a decline in the market price of our H Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance to cover adverse events in our clinical trials. It is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims are brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

The FDA has granted orphan drug designation to TY-2136b for the treatment of NSCLC, but we may be unable to maintain or receive the benefits associated with orphan drug status, including market exclusivity.

Regulatory authorities in some jurisdictions, including the U.S., may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a disease with a patient population of fewer than 200,000 individuals in the U.S. Our product candidate, TY-2136b, has been awarded orphan drug designation by the FDA for the treatment of ROS1-positive, NTRK fusion-positive, ALK-positive or LTK-positive NSCLC.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product may be entitled to a period of marketing exclusivity, which precludes the FDA from approving another marketing application for the same drug for the same indication during the period of exclusivity. The applicable period is seven years in the U.S. We can provide no assurance that another drug will not receive marketing approval prior to TY-2136b. Orphan drug exclusivity may be lost if the FDA determines that the request for designation was materially defective, or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

In addition, even after an orphan drug is approved, the FDA can subsequently approve a different drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. Therefore, even if we obtain orphan drug exclusivity for a product candidate or additional product candidates, that exclusivity may not effectively protect the product candidate from competition because different drugs can be approved for the same condition.

RISKS RELATING TO MANUFACTURING OF OUR DRUG CANDIDATES

We have no experience in manufacturing pharmaceutical products, and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products.

We have no experience in manufacturing pharmaceutical products, which is a complex process requiring significant expertise and capital investment, in part due to strict regulatory requirements. The problems that may arise from the manufacturing process include but are not limited to:

- equipment malfunction;
- failure to follow specific protocols and procedures;
- changes in product specifications;
- low quality or insufficient supply of raw materials;
- delays in the construction of new manufacturing facilities or the expansion of our existing manufacturing facility when needed;
- changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements;
- changes in the types of products produced;
- advances in manufacturing techniques;

- physical limitations that could inhibit continuous supply; and
- man-made or natural disasters and other environmental factors.

If problems arise during the production process of certain future products, a batch or several related batches of such product may have to be discarded and cause production delays, cost increases, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the products are released to the market, recall and product liability costs may also be incurred.

We face additional manufacturing risks in relation to the CDMOs that we engage from time to time. See "— Risks Relating to Our Reliance on Third Parties — We rely on third parties to manufacture our clinical drug candidates and expect to rely on third parties to manufacture our drugs when approved, and our business could be harmed if those third parties fail to provide us with sufficient quantities of the drug product or fail to do so at acceptable quality levels or prices."

In addition, the quality of our drugs manufactured by us for commercial use in the future, depends significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes used in manufacturing facility, the quality and reliability of equipment used, the quality of the operating staff and related training programs and our ability to ensure that our staff adhere to our quality control and quality assurance procedures. We cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our standard operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance procedures could render our products unsuitable for use, or not in compliance with the relevant requirements of the cGMP and/or harm our market reputation and relationships with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

Failure to obtain and maintain regulatory approvals for our manufacturing facility, and any disruption or suspension of manufacturing activities may affect our business and results of operations.

As of the Latest Practicable Date, we did not have any in-house manufacturing facility that was operational. Anticipating future commercialization, we are in the process of establishing our in-house cGMP-compliant manufacturing facility in Huzhou, Zhejiang Province, which is expected to commence operations in 2025. If we fail to obtain and maintain regulatory approvals for our manufacturing facility, we may not be able to manufacture sufficient quantities of our drug candidates, once approved, which would limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with maintaining our manufacturing facility could require us to raise additional funds from other sources.

Our manufacturing facility is required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the NMPA, the FDA or other comparable regulatory authorities to ensure compliance with cGMP regulations. Our manufacturing facility is designed in compliance with the regulatory requirements and cGMP standards. We cannot guarantee, however, that we will be able to adequately follow and document our adherence to such cGMP regulations or other regulatory requirements. For example, to obtain the FDA approval for our drug candidates in the U.S., we would need to undergo strict pre-approval inspections of our manufacturing facility. When inspecting our manufacturing facility, the FDA may cite cGMP deficiencies. Remediating deficiencies, if any, can be laborious, time consuming and costly. We are also subject to some contractual obligations in relation to our compliance with cGMP regulations. For example, pursuant to the Cooperation Agreements (as defined in "Financial Information — Discussion of Certain Selected Items From The Consolidated Statements of Financial Position — Other Long-term Payables"), we shall aim to pass the cGMP-compliance inspection and obtain the drug manufacturing license by December 31, 2025, and Changxing Development Zone Administrative Committee is entitled to request us to return the total Investment Amount we received if we fail to do so. For more information, see "Financial Information — Discussion of Certain Selected Items From The Consolidated Statements of Financial Position — Other Long-term Payables." Failure to obtain and maintain such regulatory approvals may materially affect our R&D activities, and seriously delay the clinical trials and commercialization of our drug candidates, once approved. We may also encounter problems with achieving adequate or clinical-grade products that meet the NMPA, FDA, or other comparable regulatory authority standards or specifications, or maintaining consistent and acceptable production costs. We may also experience shortages of qualified personnel, raw materials or key contractors, or experience unexpected damage to our facility or equipment. In these cases, we may be required to delay or suspend manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our drugs with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our products for commercial sale. Moreover, we may spend significant time and costs to remedy these deficiencies before we can continue production at our manufacturing facility. We may also be subject to sanctions for failure to comply with applicable regulations, including fines, injunctions, penalties, suspension of clinical trials, failure of regulatory authorities to grant marketing approval of our drug candidates, suspension or withdrawal of approvals, supply disruptions, seizures or recalls of our drug candidates, operating restrictions and criminal prosecutions, any of which could materially and adversely affect our business.

If our manufacturing facility or equipment is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facility or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need regulatory agency approval before selling any drugs manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales if and when we are able to successfully commercialize one or more of our drug candidates. Any interruption in manufacturing operations at our manufacturing facility could result in our inability to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our drug candidates or drugs in a timely manner could materially and adversely affect our business, financial condition and operating results.

We procure certain raw materials from third-party suppliers for our manufacturing needs. Such supplies may not be available to us on acceptable terms or at all, and an increase in the market prices of such supplies may adversely affect our results of operations.

We procure certain raw materials from third-party suppliers for our manufacturing needs. We expect to continue to procure raw materials from third-party suppliers for the research, development and commercialization of our drug candidates. As we continue to develop and scale our manufacturing process and capacity, there is no assurance that we will be able to, at all times, procure the materials we need in adequate amount or on commercially reasonable terms, in a timely manner or at all. We might in the future encounter temporary difficulties in sourcing key raw materials as a result of health epidemics or outbreaks of contagious diseases as well as natural disasters, which could have a material impact on our business operations. For the risks associated with health epidemics or outbreaks of contagious diseases as well as natural disasters, see "— Risks Relating to Our Operations — We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control." Moreover, we may not be able to continue to procure from any of our current suppliers due to other reasons, such as regulatory actions or requirements affecting certain supplier(s), adverse financial or other strategic developments experienced by certain supplier(s), labor disputes or shortages, unexpected demands, or quality issues. Failure to obtain sufficient supply of these materials could adversely affect our ability to satisfy demand for our drug candidates, which could adversely and materially affect our development process, future commercialization efforts and operating results.

Furthermore, as our manufacturing processes require substantial amounts of supplies, fluctuations in price of such supplies may directly and adversely impact on our profitability. During the Track Record Period, we had not experienced significant fluctuations in prices of supplies, and they are generally available and in sufficient quantity to meet our demands. However, we cannot assure you that this will continue to be the case in the future. The prices of supplies we use in manufacturing our drug candidates may be affected by a number of factors, including market supply and demand, the PRC or international environmental and regulatory requirements, natural disasters such as fires, outbreak of epidemics or diseases, and the PRC and global economic conditions. A significant increase in the costs of supplies may directly and negatively affect our profit margins and, ultimately, our business, financial conditions, results of operation and prospects.

RISKS RELATING TO COMMERCIALIZATION OF OUR DRUG CANDIDATES

We have no experience in the commercialization of drugs. If we are unable to build, manage, expand and optimize an effective sales and distribution network for our drug candidates, either by ourselves or through third parties, we may not be able to successfully create or increase market awareness of our products or sell our products, which will materially affect our ability to generate product sales revenue.

Our operations to date have been largely focused on developing our drug candidates, primarily undertaking preclinical studies and conducting clinical trials. We have not yet demonstrated that we have the ability to launch and commercialize any of our drug candidates. Our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in launching and marketing drug candidates. We will have to compete with many companies that currently have commercialization teams and extensive sales and marketing operations. With limited experience in sales and marketing, we may be unable to compete successfully against these more established companies. In the long term, if we intend to distribute our products worldwide, we would need to develop and expand our in-house marketing organization and sales force, which will require significant expenditures, management resources and time. We will have to compete with other pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. We may also consider working with external partners to leverage their sales and marketing expertise and well-established networks and resources. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We will also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

There can be no assurance that we will be able to successfully develop and maintain in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaboration partners to successfully commercialize any product, and as a result, our ability to generate product sales revenue may be negatively affected.

The size of the potential market for our current or future drug candidates is difficult to estimate and, if any of our assumptions are inaccurate, the actual markets for our current or future drug candidates may be smaller than our estimates.

Our projections of the number of patients who have the potential to benefit from treatment with our drug candidates are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, or market research and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these diseases. The number of patients may turn out to be fewer than expected. As a result, the potentially addressable patient population and market size for our drug candidates may be smaller than our estimates.

Furthermore, there is no guarantee that any of our drug candidates, even if approved, would be approved for the line of therapy we are aiming for. For example, cancer therapies may be characterized as first-line, second-line or later-line therapy depending on options for treatment and prior treatments received. For indications with well-established standard of care therapies, the NMPA, the FDA and other comparable regulatory authorities may approve new therapies initially only for later-lines of therapy. While we may seek approval for our drug candidates as an early-line therapy for certain indications, there is no guarantee that they will be approved as such. As a result, even if we obtain market approval for our drug candidates, we may not achieve the anticipated market size and revenue unless such market approval is for the intended lines of therapy or for additional indications.

Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community that would be necessary for our drug candidates' commercial success.

Our future approved drug candidates may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. For example, current treatments for cancers are well established in the medical community, and doctors may continue to rely on these treatments to the exclusion of our drug candidates that are in clinical trials for the same or similar indications. In addition, physicians, patients and third-party payers may prefer other novel products to ours. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals and patients' perception of our drug candidates as a safe and effective treatment;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of applicable regulatory authorities;
- limitations or warnings contained in the labeling approved by applicable regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payers and government authorities;

- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities; and

- the effectiveness of our sales and marketing efforts.

If any approved drug candidates that we commercialize fail to achieve market acceptance in the medical community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies introduced that are more favorably received or more cost-effective. Our failure to achieve or maintain market acceptance for our future approved drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

The illegal and/or counterfeit pharmaceutical products may reduce demand for our drug candidates, which could have a negative impact on our reputation and business.

The illegal import of similar or competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we plan to commercialize our drug candidates. Unapproved foreign imports of prescription drugs are illegal under current laws of China. However, illegal imports may continue to occur or even increase as the ability of patients and other customers to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets (parallel imports) into higher-priced markets could harm sales of our drugs and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers' ability to import lower priced versions of our future approved products or competing products from outside China or other countries where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China or other countries where we operate could have a material adverse effect on our business.

Certain pharmaceutical products distributed or sold in our target markets may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their usage or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The regulatory control and law enforcement system in relation to the counterfeit pharmaceutical products, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products in a timely manner, or at all. Since counterfeit pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our future approved drug candidates. A patient who receives a counterfeit pharmaceutical product may be at risk for a number of dangerous health consequences, which potentially exposes us to product liability claims, government investigations, and other disputes and negative consequences. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaboration partner' brand name(s).

Guidelines, recommendations and studies published by various organizations could disfavor our drug candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' drugs and drug candidates. Any such guidelines, recommendations or studies that reflect negatively on our drug candidates, either directly or relative to our competitive drug candidates, could result in current or potential decreased use, sales of, and revenues from one or more of our drug candidates. Furthermore, our success depends in part on our and our partners' ability to educate healthcare providers and patients about our drug candidates, and these education efforts could be rendered ineffective by, among other things, third-parties' guidelines, recommendations or studies.

Our drug candidates may not be covered by insurance or reimbursement programs or may become subject to unfavorable insurance policies or reimbursement practices, either of which could harm our business, and we may be subject to unfavorable pricing regulations, which could make it difficult for us to sell our drugs profitably.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from jurisdiction to jurisdiction. We intend to seek approval to market our drug candidates in China, the U.S. and in other jurisdictions. In China and some markets outside China, the pricing of drugs is subject to governmental oversight and regulation, which can take considerable time even after obtaining regulatory approval. Thus, our ability to commercialize any approved drug candidates successfully will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, private health insurers and other organizations.

A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. In China, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security, together with other government authorities, regularly review the inclusion or removal of drugs from them NRDL. The NRDL determines a pharmaceutical product's reimbursement standards for program participants under the National Medical Insurance Program, (the "**NMIP**"). Under the NMIP, patients are entitled to full or partial reimbursement of costs for pharmaceutical products listed in the NRDL. A pharmaceutical product's inclusion in or exclusion from the NRDL and its tier under the NRDL will significantly affect the demand for such product in China. There is no assurance that any of our future approved drug candidates will be included in the NRDL. The inclusion of pharmaceutical products by relevant authorities into the NRDL is based on a variety of factors, including efficacy, safety and price. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL, our revenue from commercial sales would be highly dependent on patient self-payment, which can make our products less competitive. Patients may choose other drugs with similar efficiency but lower price which have been included in the NRDL. Additionally, even if the Ministry of Human Resources and Social Security of China or any of its local

counterparts were to accept our application for the inclusion of products in the NRDL, our potential revenue from the sales of these products could still decrease as a result of the significantly lowered prices we may be required to charge for our products to be included in the NRDL.

In the U.S., no uniform policy of coverage and reimbursement for drugs exists among third-party payers. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payer is a time-consuming and costly process that could require us to provide to each payer supporting scientific, clinical and cost-effectiveness data for the use of our future approved drugs on a payer-by-payer basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payers may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our future approved drug candidates. Patients are unlikely to use any of our future approved drug candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the drugs.

Increasingly, third-party payers are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any approved drug candidates that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved drug candidates that we commercialize. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidates that we successfully develop.

There may be significant delays in obtaining reimbursement for approved drug candidates, and reimbursement coverage may be more limited than the approved indications of the drug candidates by the NMPA, the FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers. Our inability to promptly obtain reimbursement coverage at profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we and our collaboration partner are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the selected markets in the world, or if the scope of such intellectual property rights obtained is not sufficiently broad or a compulsory license is issued, third parties could develop and commercialize drug candidates and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our drug candidates or technologies would be materially and adversely affected.

We seek to protect the drug candidates and technologies that we consider commercially important by filing patent applications in China and other jurisdictions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. For further information on our patent portfolio, see "Business — Intellectual Property." If we or our collaboration partner are unable to obtain and maintain patent and other intellectual property protection with respect to our drug candidates and technologies, our business, financial condition, results of operations and prospects could be materially harmed.

The patent prosecution process is expensive, time-consuming and complex, and we and our collaboration partner may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all desirable jurisdictions. As a result, we and our collaboration partner may not be able to prevent competitors or other third parties from developing and commercializing competitive drugs in all such fields and jurisdictions. Our pending and future patent applications may not result in patents being issued which protect our technology or drug candidates or which effectively prevent others from commercializing competitive technologies and drug candidates. As of the Latest Practicable Date, we have not obtained patent protections for certain of our early-stage drug candidates. Although we plan to initiate patent applications in due course, currently there is no patent protection available for such drug candidates until the relevant patent applications are successful.

The requirements for patentability differ in certain jurisdictions. For example, methods of treatment of diseases are not patentable subject matters in China. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. For example, according to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "PRC Patent Law"), for public health purposes, the China National Intellectual Property Administration (CNIPA) may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. The U.S. does not have any provisions for a compulsory license. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we are forced to grant a license to third parties with respect to any patent or patent application relevant to our business, our competitive position may be materially impaired and

our business, financial condition, results of operations and prospects may be adversely affected. To our best knowledge, as of the Latest Practicable Date, drug products belonging to the same class of our product candidates had not been subjects of compulsory licensing in China.

It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements or clauses with parties who have access to confidential or patentable aspects of our research and development output, such as our employees and third-party contractors, any of these parties may breach such agreements or clauses and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. Furthermore, China and the U.S., have adopted the "first-to-file" system, under which the first inventor to file a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, third parties may be granted a patent relating to a technology which we invented.

In addition, under the PRC Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to file in advance to CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we own currently or in the future are issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we hold, acquire or in-license may be challenged, narrowed, circumvented, or invalidated by third parties. In addition, the patent position of pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Consequently, we do not know whether any of our platform advances and drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Our patent rights may be challenged and invalidated.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China, the U.S. and other jurisdictions. We may be subject to claims that former employees, collaborators or other third parties have an interest in our patents or other intellectual property or become involved in opposition, derivation, revocation, reexamination, post-grant and *inter partes* review, or interference proceedings challenging our patent rights or the patent rights of others. If we are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which our intellectual properties are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we are unsuccessful in any inventorship disputes to which we are subject, we may lose valuable intellectual property rights, such as exclusive ownership. If we are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture and commercialization of one or more of our drug candidates. The loss of exclusivity or the narrowing of our patent claims could limit our ability to stop others from using or commercializing similar or identical drug products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations or prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

Specifically, despite measures we take to obtain patent protection with respect to our major drug candidates and technologies, any of such issued patents could be narrowed, challenged or invalidated due to any interference proceedings or other priority or validity disputes. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigations in the U.S., for example, defendant counterclaims alleging invalidity or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, lack of written description or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld material information from the relevant patent office, or made a misleading statement, during prosecution. Third parties may also raise similar patent invalidity claims before administrative bodies in China, the U.S. or in other jurisdictions, even outside the context of litigation. Such mechanisms include *ex parte* re-examination, *inter partes* review, post-grant review, interference proceedings, derivation, invalidation, revocation and equivalent proceedings in non-U.S. jurisdictions, such as opposition proceedings. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer adequately cover and protect our drug candidates. Even if a third party does not prevail on a legal assertion of invalidity or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against such third party and others.

Even if we obtain patent protection for our drug candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially and adversely affected.

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. For example, the expiration of a patent is generally 20 years for invention in the PRC and generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority in the U.S. Generic or biosimilar medications may obtain marketing approval following our patent expiration. The patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates. For the expiration dates of our issued patents for our drug candidates, please see "Business — Intellectual Property." Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

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 patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, which 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 or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors or other third parties may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate more resources to enforce and defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our intellectual property rights. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk

of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Therefore, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

Moreover, we may not be able to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, such as the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us to enforce our patents against such third party.

Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our collaboration partner, our or their patent counsel and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our drug candidates, leave our technology or drug candidates without patent protection, allow third parties to commercialize our technology or drug candidates and compete directly with us, without payment to us, or could require us to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our drug candidates without infringing third party patent rights. Even if a defendant does not prevail on a legal assertion of invalidity or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others.

If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

Our commercial success depends in part on our ability to avoid infringing, misappropriating, or otherwise violating intellectual property rights of third parties. However, our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful.

Besides, defending ourselves against third parties' intellectual right infringement allegations, meritorious or not, would be expensive and time consuming, and would be a substantial diversion of our resources and our management team's attention. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

In the event that third parties assert infringement claims against us, there is no assurance that the outcome would be in our favor, as whether a drug candidate or technology infringes on third parties' intellectual property rights involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and the burden of proof required to successfully challenge a third-party intellectual property right may be high. If we were found by courts or other competent authorities to have infringed on the patent or other intellectual property rights of third parties, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing our drug candidates, or at least delay the development or commercialization process. Even if the litigations or other proceedings are resolved in our favor, our involvement in such proceedings may attract publicity, thereby having a substantial adverse effect on our reputation and brand name.

We may not be able to enjoy additional protection over drug-related patents in the U.S.

In the U.S., the Federal Food Drug and Cosmetic Act, as amended by the law generally referred to as "Hatch-Waxman", provides the opportunity for limited patent term extension, which can compensate for patent term lost due to FDA's regulatory review. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval; only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. The application for the extension must be submitted prior to the expiration of the patent for which extension is sought. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. Even then, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable period or the scope of patent protection afforded could be less than we request.

Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Moreover, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. For example, federal law provides a five-year period of exclusivity within the U.S. to the first applicant to obtain approval of a new chemical entity and three years of exclusivity protecting certain innovations to previously approved active ingredients where the applicant was required to conduct new clinical investigations to obtain approval for the modification. Similarly, the U.S. Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases, where the FDA designates the drug candidate as an orphan drug and the drug is approved for the designated orphan indication. However, if we fail to apply for them in accordance with the applicable FDA requirements, we may not be able to benefit from those benefits.

Failure to obtain the patent term adjustment or extension for NMPA-approved pharmaceutical products could increase the risk of early generic competition for our products in China.

In China, the PRC Patent Law provides a drug-patent linkage system. According to the drug-patent linkage system, "during the review and approval of marketing authorization of a drug, when the applicant of drug marketing authorization and the patentee or interested party have dispute regarding patent rights of the drug under application, relevant parties may file a lawsuit with the people's court and pursue judgement for whether the relevant technical solution of the drug under application falls within the scope of protection of the relevant patent rights. The Drug Regulatory Authority under the State Council may make a decision on whether to suspend the drug marketing authorization according to effective judgment of the people's court within specified period. The applicant of drug marketing authorization and the patentee or interested party may also apply for an administrative ruling to the patent administration department of the State Council regarding patent right dispute related to the drug under application of marketing authorization."

In addition, the PRC Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, and stipulates that the patent administration department under the State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review and examination and approval of the listing of a new drug on the market. The compensated extension shall not exceed five years, and the total valid patent term after the new drug is approved for the market shall not exceed 14 years.

Also, according to the PRC Patent Law, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for unreasonable delays by the CNIPA at the request of the patentee, in excess of a patent applicant's own delays during the prosecution process. However, if we fail to apply for them in accordance with the applicable NMPA requirements, we may not be able to benefit from those benefits.

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

We currently own a number of registered trademarks, any of which may be the subject of a governmental or third-party objection, which could prevent the maintenance of the same. We cannot assure you that any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in proceedings before the CNIPA and in proceedings before comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceeding may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature in the future, upon regulatory approval, our

reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may be unsuccessful to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to our issued patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements or clauses with parties that have access to trade secrets or confidential information, such as our employees, collaboration partners, outside scientific collaborators, sponsored researchers, contract manufacturers, and other third parties that have access to them. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements or clauses. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements or clauses may breach or violate the terms of any such agreements or clauses and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, we cannot guarantee that we have entered into such agreements or clauses with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our 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, or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, including our senior management, may currently be, or were previously employed at other pharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. An inability to incorporate such intellectual property rights would harm our business and may prevent us from successfully commercializing our drug candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our drug candidates and technology, which would have a material adverse effect on our business, results of operations, financial condition and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

In addition, while we typically require our employees and contractors who may be involved in the conception or development of intellectual property to enter into agreements or clauses assigning such intellectual property to us, we may be unsuccessful in executing such an agreement or clause with each party who in fact develops intellectual property that we regard as our own. Furthermore, even when we obtain agreements or clauses assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements or clauses may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property to determine the ownership of what we regard as our intellectual property. Furthermore, individuals executing agreements or clauses with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement or clause with us may be ineffective in perfecting ownership of inventions developed by that individual. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

Intellectual property and other laws and regulations are subject to development, which could diminish the value of our intellectual property and impair the intellectual property protection of our drug candidates.

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity and is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation in different jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

Under the America Invents Act, the AIA, enacted in 2011, the U.S. moved to first-to-file system in early 2013 from the previous system under which the first to make the claimed invention was entitled to the patent. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. Publications of discoveries in the scientific literatures often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

There could be similar changes in the laws of China, such as the amendment to the PRC Patent Law which was promulgated in October 2020. See "— Risks Relating to Our Intellectual Property Rights — Failure to obtain the patent term adjustment or extension for NMPA-approved pharmaceutical products could increase the risk of early generic competition for our products in China." Such changes in laws either of China or foreign jurisdictions may impact the value of our patent rights or our other intellectual property rights, all of which could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future, as well as on our competitive position, business, financial conditions, results of operations and prospects.

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance with those requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA, the United States Patent and Trademark Office (the "**USPTO**") and other patent agencies in several stages over the lifetime of a patent. The CNIPA, USPTO and other similar governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and maintenance process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which 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. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

We may not be successful in obtaining or maintaining necessary rights for our development pipeline through in-licenses and acquisitions.

Because our programs may involve additional drug candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or drug candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

Intellectual property rights do not necessarily protect us from all potential threats.

The degree of protection afforded by our intellectual property rights is essentially uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. The limitations of currently available intellectual property protection regimes include that:

- others may be able to make products that are similar to any of our drug candidates or utilize similar or alternative technology that are not covered by the claims of the patents that we own or have exclusively licensed now or in the future;

- we or our current or future collaboration partners might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or may license in the future;

- we or our current or future collaboration partners might not have been the first to file patent applications covering certain of our or their inventions, which could result in the patent applications not issuing or being invalidated after issuing;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our intellectual property rights;

- it is possible that our pending patent applications or those that we may own in the future will not lead to issued patents;

- patents that may be issued from our pending patent applications may not provide us with any competitive advantages, or may be held invalid or unenforceable, including as a result of legal challenges by our competitors;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may obtain patents for certain compounds many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sales of the related product, the commercial value of our patents may be limited;

- the proprietary technologies on which we rely may not be patentable;

- the patents of others may materially and adversely affect our business; and

- we may choose not to file a patent for certain trade secrets or know-how, yet a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO GOVERNMENT REGULATIONS

All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. Any failure to comply with existing or future regulations and industry standards or any adverse actions by drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

All jurisdictions in which we intend to develop and commercialize our drug candidates regulate these activities in great depth and detail. We adopt a global development strategy and intend to focus our activities in the major markets including China and the U.S. These jurisdictions all strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of the development and approval, manufacturing, marketing, sales and distribution of pharmaceutical products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions.

The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable regulatory requirements in the jurisdictions we operate or target to operate in the future at any time during the drug development process or approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include but are not limited to a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any occurrence of the foregoing could therefore materially and adversely affect our business, financial condition, results of operations and prospects.

Any failure to comply with existing laws, regulations and industry standards could result in fines or other punitive actions against us, the termination of ongoing research and the disqualification of data for submission to regulatory authorities, or a ban on the future sales of our drugs, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant laws, regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are time-consuming and inherently uncertain. If we are unable to obtain without undue delay any regulatory approval for our drug candidates in our targeted markets, our business may be substantially harmed.

We are subject to risks associated with obtaining regulatory approvals. Difficulties and failures in doing so may expose us to various harms. The time required to obtain approvals from the relevant regulatory authorities in different jurisdictions is unpredictable but typically takes years following the commencement of preclinical studies and clinical trials and depends on numerous factors, including the substantial discretion of the regulatory authorities. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our drug candidates will be approved for sale in those jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to different markets in compliance with different regulatory processes.

We may fail to receive the regulatory approvals from the NMPA, the FDA or other comparable regulatory authorities for our drug candidates due to a number of reasons, including:

- disagreement in the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective for its proposed indication;
- insufficient or suboptimal data collected from the clinical trials, or failure of our clinical trial results to meet the level of statistical and medical significance required for approvals;
- failure of our clinical trial process to pass GCP inspections;
- unexpected changes in regulations, testing requirements, or approval policies that render our preclinical and clinical data insufficient for approval;
- failure of our clinical sites to pass audits carried out by the NMPA, the FDA or other comparable regulatory authorities, resulting in a potential invalidation of our research data; and
- findings of deficiencies related to our manufacturing processes or the manufacturing facilities of third-party manufacturers from whom we procure clinical and commercial supplies, such as failure to pass cGMP inspections.

The NMPA, the FDA or other comparable regulatory authorities may require more information to support approval, including additional preclinical or clinical data, which may result in delay in regulatory approval and commercialization plans or denial of regulatory approval. In the case where an approval is issued, regulatory authorities may approve fewer indications, including undesired indications, of our drug candidates than the indications we applied for. In addition, we expect to apply for conditional marketing approval for TY-9591. See "Business — Our Drug Candidates — Core Product: TY-9591 – A Third-Generation EGFR-TKI — Clinical Development Plan." Pursuant to the PRC Drug Administration Law, the Administration Measures for Drug Registration, and the Working Procedures for the Review and Approval of Conditionally Approved Drugs (Trial), if (i) we fail to prove the benefits of a conditionally approved drug outweigh its risks through the post-approval research, or (ii) we fail to complete the required post-approval research within the prescribed time limit and submit the supplementary applications in order to obtain a full marketing approval, the NMPA will take actions in accordance with the relevant laws and regulations, including, in the worst case, the revocation of the drug registration certificate.

Failure to obtain regulatory approvals in a timely manner, or at all, or failure to obtain regulatory approvals with an intended scope of indications could have a negative impact on the commercial prospects of our drug candidates, and may cause reputational damage. If any of our drug candidates fails to demonstrate safety and efficacy to the satisfaction of regulatory authorities or does not otherwise produce positive results in future clinical trials, we would not be able to realize any revenue on such drug candidate despite the significant amount of resources we would have spent on its development, which could materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to registration, review and other requirements of the PRC and the overseas regulatory authorities for cross-border sales or licensing of technology as well as operations related to genetics and data safety.

China oversights and regulates the import and export of technology and software products. Under the Regulations on Administration of Imports and Exports of Technologies (《技術進出口管理條例》) promulgated by the State Council, which were amended in November 2020, technology import and export is defined to include, among others, the transfer or licensing of patents and know-how, and the provision of services related to technology. Depending on the nature of the relevant technology, the import and export of technology require either approvals by or registration with the relevant PRC governmental authorities. The Measures for the Administration of Registration of Technology Import and Export Contracts (《技術進出口合同登記管理辦法》), issued by the MOFCOM in February 2009, specify registration requirements related to the import and export of technology. We may in the future transfer or out-license our patents or technology to overseas partners, or acquire or in-license patents or technology from overseas partners, or enter into agreements with overseas CROs for their technical support to assist us with the development of individual drug candidates, which may be deemed to constitute the import or export of technology under the regulations. As a result, such transfers are may be required to be registered with applicable governmental authorities. We are also subject to regulatory supervision over genetics and data-related

operations. To carry out clinical trials, as a foreign-invested enterprise, we are required to obtain approval from or complete relevant filing with the Office of Human Genetic Resources Management under the Ministry of Science and Technology who will conduct genetics and data safety review. There is no assurance that we will be able to obtain such approval in a timely manner, or at all. In addition, we may also be subject to similar requirements of overseas regulatory authorities.

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》), or 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, enterprises in China must seek governmental approval before any scientific data involving a state secret or individual privacy may be transferred abroad or to foreign parties. 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. If and to the extent our research and development of drug candidates will be subject to the Scientific Data Measures and any relevant 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. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development 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 to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

We primarily conduct clinical trials for our drug candidates in China, and FDA or comparable foreign regulatory authorities may not accept data from such trials.

We primarily conduct clinical trials for our drug candidates in China, and may in the future conduct clinical trials for our drug candidates in other jurisdictions. The acceptance of trial data from clinical trials conducted outside the U.S. by the FDA may be subject to certain conditions. In cases where data from clinical trials conducted outside the U.S. are intended to serve as the sole basis for marketing approval in the U.S., the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence; and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Otherwise, for studies that are conducted at sites outside of the U.S. and not subject to an IND and which are intended to support a marketing application (but which are not intended to serve as the sole basis for marketing approval), the FDA requires the clinical trial to have been conducted in accordance with GCP requirements and the FDA must be able to validate the data from the clinical trial through an onsite inspection if it deems such inspection necessary.

Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many regulatory bodies, such as the NMPA, have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, or any similar foreign regulatory authority will accept data from trials conducted outside of the U.S. or the applicable jurisdiction. If the FDA or any similar foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our drug candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.

We routinely receive, collect, generate, store, process, transmit and maintain medical data, treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. 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 and regulations could result in enforcement action against us, including fines, imprisonment of company officers 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.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, they may not be always effective. For example, our information technology systems could be breached through hacking activities, and personal information could be leaked due to theft or misuse of personal information arising from misconduct or negligence.

In addition, our clinical trials also frequently involve professionals from third-party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always comply with the applicable laws and regulations or our data privacy measures. We also cooperate with third parties including principal investigators, hospitals, CROs, CDMOs and other third-party contractors for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as our fault, negligence or a result of our failure.

Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Complying with all applicable laws, regulations, standards and obligations relating to privacy and data security may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Noncompliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could have a material adverse effect on our business, financial condition and results of operations.

Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses and we may be subject to penalties and other negative consequences if we fail to comply with these regulatory requirements or experience unanticipated problems with our drug candidates.

If the NMPA, the FDA or a comparable regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, storage, distribution, adverse event reporting, advertising, promotion, sampling, recordkeeping and post-marketing studies for the drug will be subject to extensive and ongoing or additional regulatory requirements on pharmacovigilance. These requirements include submissions of safety and other post-marketing information and reports, registration, random quality control testing, adherence to any CMC, variations, continued compliance with cGMPs, GCPs, good storage practices ("**GSPs**") and good vigilance practices ("**GVPs**") and potential post-approval studies for the purposes of license renewal.

Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, including, if applicable, phase 4 trials for the surveillance and monitoring of the safety and efficacy of the drug.

In addition, once a drug is approved by the NMPA, the FDA or a comparable regulatory authority for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug candidates, it may result in, among other things:

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;
- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA, the FDA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

The NMPA, the FDA and comparable regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of drugs that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label.

The NMPA, the FDA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. Moreover, regulatory policies may change or additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in laws and regulations relating to the pharmaceutical industry may result in additional compliance risks and costs.

In China, the U.S. and other jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes relating to the pharmaceutical industry and the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any drug candidates for which we obtain marketing approval. See also "— Risks Relating to Commercialization of Our Drug Candidates — Our drug candidates may not be covered by

insurance or reimbursement programs or may become subject to unfavorable insurance policies or reimbursement practices, either of which could harm our business, and we may be subject to unfavorable pricing regulations, which could make it difficult for us to sell our drugs profitably."

In particular, the PRC government has enacted a series of new laws and regulations in recent years aimed at improving the affordability and deterring potential over-use of oncology drugs. In December 2020, for instance, the National Health Commission ("**NHC**") released the Notice on the Temporary Measures Regulating the Clinical Use of Oncology Drugs (《關於印發抗腫瘤藥物臨床應用管理辦法(試行)的通知》), followed by more detailed guidance announced in its Measurement Criteria for the Reasonable Clinical Use of Oncology Drugs (2021 Version) (《抗腫瘤藥物臨床合理應用管理指標》(2021年版)) in June 2021 ("**Oncology Drug Guidance**"), according to which several factors will be considered to evaluate whether the oncology drugs, especially "restricted class drugs," are under reasonable use by the medical institutions, in terms of usage rate and amount, among other criteria. The Oncology Drug Guidance sets out to designate anti-tumor drugs as "restricted class drugs" if they, among other characteristics, exhibit a poor safety profile, require sophisticated clinical administration, new to the market or prohibitively priced. If our oncology drug candidates are categorized as "restricted class drugs" after commercialization, we may face a decreased demand from the medical institutions and patients, which may adversely affect the commercialization and marketing of such drug candidates. These new laws, regulations and healthcare reform measures and others which may be adopted in the future may result in more rigorous prescription and coverage criteria, new reimbursement methods and additional downward pressure on drug prices.

Although none of our drug candidates had been commercialized as of the Latest Practicable Date, these legislative trends and regulatory measures can potentially affect the sales, profitability and prospects of our drug candidates in the future. Moreover, because these laws and regulations are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these laws and regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

We may be directly or indirectly subject to applicable anti-kickback, anti-bribery, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

If we obtain the NMPA's approval for any of our drug candidates and begin commercializing our drugs in China in the future, our operations may become subject to various PRC fraud and abuse laws, including the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) and PRC Criminal Law (《中華人民共和國刑法》). These laws may impact, among others, our proposed sales, marketing and education programs.

Law enforcement authorities are increasingly focused on enforcing these laws, and some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations.

In addition, we are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. The PRC government has taken increasingly stringent measures to correct corruptive practices in the pharmaceutical industry since 2023. For example, in May 2023, 14 governmental departments including the National Health Commission jointly issued the Key Points for the Correction of Malpractice in the Purchase and Sales of Medical Products and Medical Services in 2023 (2023年糾正醫藥購銷領域和醫療服務中不正之風工作要點), emphasizing the need to address prominent corruption issues in the healthcare industry, particularly to rectify the malpractice that may occur involving the medical industrial associations and during the process of the purchases and sales of medical products. Moreover, although currently our business operations are primarily in China, we are subject to the Foreign Corrupt Practices Act (the "**FCPA**"). The FCPA generally prohibits us from making improper payment to non-U.S. officials for the purpose of obtaining or retaining business. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. See also "— Risks Relating to Our Operations — Our Directors, employees, principal investigators, CDMOs, CROs and other commercial partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could harm our reputation and subject us to penalties and significant expenses that have a material and adverse effect on our business, financial condition and results of operations."

We face certain risks relating to laws and regulations on social insurance and housing provident fund.

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident fund for their employees. During the Track Record Period, we did not make adequate social insurance and housing provident fund contributions for certain employees. Pursuant to the relevant PRC laws and regulations, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance. In addition, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident fund do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, we may be subject to an order from the relevant PRC courts for compulsory enforcement. In 2022, 2023 and the three months ended March 31, 2024, our aggregate shortfall of social insurance and housing provident fund contributions were approximately RMB2.1 million, RMB2.0 million and RMB0.8 million, respectively. We believe that the total amount of shortfall for social insurance and housing provident fund contributions during the Track Record Period would not have a material adverse effect on our business. Moreover, considering that (1) based on (i) the credit reports issued by the People's Government of Shanghai and Zhejiang Province; (ii) the confirmations issued by Huzhou Housing Provident Fund Management Center Changxing County Branch and Zhengzhou Housing Provident Fund Management Center Airport Economy Zone Branch; and (iii) the confirmation issued by Human Resources and Social Security Bureau of Zhengzhou Airport Economy Zone, all of which are competent authorities as advised by our PRC Legal Adviser, we had not been subject to any administrative penalties in relation to social insurance and housing provident fund contributions during the Track Record Period; (2) during the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty in relation to social insurance and housing provident fund contributions, and we had not received any notice from the competent government authorities regarding any claim for inadequate contributions of our current and former employees, nor any notifications from the competent government authorities requiring us to pay the shortfall; (3) we were not aware of any material employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; and (4) we undertake that, in the event that competent government authorities require us to make contributions within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner, our PRC Legal Adviser is of the view that the likelihood that the competent government authorities would impose fines on us due to our failure to make full payment of the social insurance and housing provident funds during the Track Record Period is low, as long as we make the outstanding contributions and late fees, if any, within a prescribed time period upon request from the competent government authorities. However, we cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us, which may adversely affect our results of operations and financial condition.

In addition, during the Track Record Period, we engaged third-party human resource agencies to make social insurance and housing provident fund contributions for certain employees, primarily due to the preference of such employees to participate in local social insurance and housing fund schemes in their place of residency in which we did not establish any entity. Under the contracts entered into between such third-party human resources agencies and us, such agencies have the obligations to pay social insurance and housing provident fund contributions for our relevant employees. Based on the reports issued by the People's Government of Zhejiang Province and the confirmations issued by Huzhou Housing Provident Fund Management Center Changxing County Branch which are competent authorities as advised by our PRC Legal Adviser, we had not been subject to any administrative penalties in relation to social insurance and housing provident fund contributions during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty regarding our arrangement with third-party human resources agencies, nor any notice from the competent government authorities which required us to rectify such practice. We had not been subject to any labor dispute relating to such arrangements as of the Latest Practicable Date. As such, our PRC Legal Adviser is of the view that the likelihood that the competent government authorities would impose fines on us due to our arrangements with the third-party human resource agencies is low, as long as we make the outstanding contributions and late fees, if any, within a prescribed time period upon request from the competent government authorities. Also, if the third-party human resource agencies fail to make timely and full payment of social insurance and housing provident fund contributions for our relevant employees in accordance with their contracts with us, we have the right to pursue corresponding liability for breach of contract against such agencies in accordance with the relevant contracts. However, we cannot assure you that the relevant government authorities will not require us to adjust or rectify our arrangements with the third-party human resource agencies, which may subject us to labor disputes or government investigations. If the agencies fail to fulfill their obligations to make the social insurance and housing provident fund contributions for our relevant employees, we may be subject to additional contribution obligations, late payment fees and/or penalties imposed by relevant regulatory authorities, or be ordered to rectify. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

We are subject to environmental protection, health and safety laws and regulations, and If we fail to comply with these laws and regulations, we could be subject to fines or penalties or incur costs that could have a material adverse effect on 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. In addition, our new manufacturing facility construction project can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the facility. We cannot assure you that we will be able to obtain all the regulatory approvals for our construction projects in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals for our construction projects may

affect our abilities to develop, manufacture and commercialize our drug candidates as we plan. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection, and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any failure by us to control the use or discharge of hazardous substances could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facility during the process of discovery, testing, development and manufacturing of our drug candidates. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage. We may also be forced to close or suspend operations at certain of our affected facility temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us. In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

Gains on the sales 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 shares by such shareholders.

According to the Individual Income Tax Law of the PRC and the Implementation Regulations for the Individual Income Tax Law of the PRC, both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the

"**Arrangements**") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; (ii) otherwise, 10% of the total amount of dividends.

The interpretation and enforcement of applicable tax laws and regulations in the PRC by the PRC tax authorities, including whether and how income tax will be levied on non-PRC resident shareholders, will be determined according to the laws and regulations then in effect. Non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

We may be affected by currency exchange regimes.

Our revenue and expenses are substantially denominated in Renminbi, and the net proceeds from the Global Offering and dividends we pay on our H Shares, if any, will be in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the Global Offering, we will be able to make current account foreign exchange transactions, including paying dividends in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements.

However, the foreign exchange policies regarding payment of dividends in foreign currencies may change from time to time in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders, our ability to obtain foreign exchange through offshore financing and other foreign exchange related matters may also be affected.

There exist uncertainties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management based on Hong Kong or other foreign laws.

A majority of our operational subsidiaries are incorporated under the laws of China, and substantially all of our assets are located in China. A majority of our Directors, Supervisors and senior management personnel also reside in China, and substantially all of their assets are located in China. As a result, it may not be possible for investors to effect service of process upon us or our Directors, Supervisors and senior management personnel in China.

On July 14, 2006, the Supreme People's Court of PRC and the government of Hong Kong Special Administrative Region entered into 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 Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the 2006 Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement remain uncertain.

On January 18, 2019, the Supreme People's Court of PRC and the government of Hong Kong Special Administrative Region entered into 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 (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and PRC. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of PRC and the completion of the relevant legislative procedures in Hong Kong Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective, there exist uncertainties in enforcing a judgment rendered by a Hong Kong court in PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, China has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or most other western countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, recognition and enforcement in PRC or Hong Kong of judgment of a court in the U.S. or any other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred net losses since inception. We expect to continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability.

Investment in the development of pharmaceutical products is highly speculative as it entails substantial upfront expenditures and significant risks that a drug candidate may fail to demonstrate efficacy and safety to gain regulatory or marketing approvals or become commercially viable. During the Track Record Period, we financed our operations primarily through equity financing and borrowings. We had not generated any revenue from the sales of commercialized products as of the Latest Practicable Date, and we continue to incur significant research and development costs and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred significant net losses since our inception. For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, our net losses were RMB311.8 million, RMB383.2 million and RMB107.8 million, respectively.

Substantially all of our net losses during the Track Record Period resulted from our research and development costs, administrative expenses and finance costs. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income." Our ability to generate revenue and achieve profitability depends significantly on our success in advancing drug candidates into later stages of clinical development, and obtaining regulatory approvals for each drug candidate, which we may not be able to do in a timely manner or at all.

We expect to continue to incur net losses in the foreseeable future and that these net losses may increase if and as we, among others:

- continue to advance the clinical trials and preclinical studies of our product pipeline;
- seek to discover or develop additional drug candidates and initiate preclinical, clinical or other studies for these new drug candidates to further expand our product pipeline;
- seek regulatory approvals for our drug candidates to complete clinical development and commence commercialization;

- manufacture our drug candidates for clinical trials and for commercial sale;
- commercialize any drug candidates in our pipeline for which we may obtain regulatory approval;
- acquire or in-license other drug candidates, intellectual property assets and technologies;
- develop, maintain, expand and protect our intellectual property portfolio;
- attract and retain skilled personnel;
- create additional infrastructure to support our product development and planned future commercialization efforts; and
- incur additional legal, accounting, investor relations, insurance and other expenses associated with operating as a public company following the completion of the Global Offering.

Even if we manage to achieve profitability in the future, we may not be able to sustain or increase profitability on an ongoing basis. Our net losses have had, and will continue to have, an adverse effect on our working capital and shareholders' equity. Our failure to become and remain profitable may also impact investors' perception of the potential value of our Company and could impair our ability to raise additional capital, expand our business or continue our operations. Failure to become and remain profitable may also adversely affect the market price of our H Shares. A decline in the market price of our H Shares could cause potential investors to lose all or part of their investment in our business.

We had net operating cash outflows, net liabilities, net current liabilities during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

We had net liabilities of RMB500.7 million, RMB880.0 million and RMB934.7 million as of December 31, 2022 and 2023 and March 31, 2024, respectively. We had net current liabilities of RMB687.5 million, RMB1,067.3 million and RMB1,111.7 million as of December 31, 2022 and 2023 and March 31, 2024, respectively. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position." Net liabilities and net current liabilities positions can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as debt issuance and bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all. See also "— We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates."

We had cash used in operating activities of RMB220.1 million, RMB200.9 million and RMB83.9 million for the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, respectively. We may experience net cash outflows from our operating activities from time to time. See also "Financial Information — Liquidity and Capital Resources." Our forecast of the period of time through which our capital resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect.

Our future liquidity, the payment of trade and other payables, our capital expenditure plans and the repayment of our outstanding short-term and long-term debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate financing. If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We have a limited operating history, which may make it difficult to predict our future performance.

We are a clinical-stage pharmaceutical company with a relatively short operating history since our establishment in 2017. See "History, Development and Corporate Structure." Our operations to date have focused on establishing our intellectual property portfolio, conducting drug discovery, preclinical studies and clinical trials of our drug candidates, and organizing and staffing our operations. As of the Latest Practicable Date, we had not yet obtained marketing approval for or commercialized any drug candidates, nor had we generated any revenue from product sales.

We also have limited experience in commercial-scale manufacturing and the sales and marketing of approved drugs. For these reasons, particularly in a rapidly evolving biopharmaceutical industry, it may be difficult to predict our future performance. We may encounter unforeseen expenses, challenges, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business may suffer.

We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates.

During the Track Record Period, we financed our operations primarily through equity financing and borrowings. We expect to fund our future operations primarily with existing cash, cash equivalents and net proceeds from the Global Offering. Going forward, in the event of a successful commercialization of one or more of our drug candidates, we expect to fund our operations with revenue generated from sales of our commercialized drug products. Changes in our ability to fund our operations may affect our cash flow and results of operations. We may

require substantial additional capital to meet our continued operating cash requirements, especially to fund our research and development activities, commercialization of our drug candidates and development or expansion of manufacturing capabilities. Our future funding requirements will depend on many factors, including but not limited to:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely identify and enroll patients in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our drug candidates;
- the progress, timing, scope and costs related to discovery and early development of additional drug candidates;
- the preparation required for anticipated commercialization of our drug candidates, and if regulatory approvals are obtained, to fund the product launch;
- the manufacturing requirements and capabilities related to clinical development and future commercialization for any approved drug candidates;
- the amount and timing of any milestone and royalty payments we receive from or pay to our current or future collaborators;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- the cash requirements of any future acquisitions; and
- our headcount growth and the associated costs.

As our business continues to expand, we may seek additional funding through equity offerings, debt financings, license and collaboration arrangements and other sources, which may not be available on terms favorable or commercially reasonable to us or at all.

Our ability to raise funds will also depend on the prevailing financial, economic and market conditions and factors from other aspects, such as our relationship with commercial banks, many of which are beyond our control. See also "— Risks Relating to Our Operations — We are subject to the risks of doing business globally. Disruptions in the financial markets and economic conditions could affect our ability to raise capital." If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities, or the commercialization of one or more of our drug candidates, which may adversely affect our business prospects.

Our results of operations, financial condition, and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets at fair value through profit or loss.

As of December 31, 2022 and 2023 and March 31, 2024, we recorded financial assets at FVTPL of RMB152.7 million, RMB6.0 million and RMB75.3 million, respectively. Our financial assets at FVTPL during the Track Record Period represented our investments in wealth management products, namely, short-term and principal guaranteed structured deposits issued by commercial banks in China. For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, we recorded investment income on financial assets at FVTPL of RMB5.3 million, RMB3.0 million and RMB12,000, respectively, and recorded gain on fair value changes of financial assets at FVTPL of RMB0.3 million, loss on fair value changes of financial assets at FVTPL of RMB0.7 million and gain on fair value changes of financial assets at FVTPL of RMB0.3 million, respectively.

We cannot assure you that we can recognize comparable fair value gains in the future and we may on the contrary recognize fair value losses, which would affect our result of operations for future periods. In addition, the valuation of financial assets at FVTPL is subject to uncertainties due to the use of unobservable inputs. Such estimated fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the valuation of financial assets at FVTPL has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in fluctuations in profit or loss from year to year.

We are entitled to certain preferential tax treatments and government grants, and the expiration of or changes to which or our failure to satisfy any condition for which would have an adverse effect on our results of operations.

During the Track Record Period, we enjoyed certain preferential tax treatments. The Company has been accredited as a "High and New Technology Enterprise" under the relevant PRC laws and regulations and enjoys a preferential tax rate of 15% for a term of three years starting from 2022. We cannot assure you that these preferential tax treatments will continue to be available to us in the future or that these preferential tax treatments will not be changed as a result of changes in government policy, administrative decisions or otherwise, in which case our financial condition and results of operations may be adversely affected.

In addition, we recognized government grants related to income of RMB6.6 million, RMB16.2 million and RMB2.3 million in 2022, 2023 and the three months ended March 31, 2024, respectively. The timing, amount and criteria of government financial incentives are determined at the sole discretion of the PRC local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We do not have the ability to influence local government authorities in making these decisions. Local government authorities may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project by 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, otherwise we may be deprived of all or part of the incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives may have an adverse effect on our results of operations. In addition, we may not be able to receive government grants in the future, which may have an adverse effect on our financial condition and results of operations.

We may incur impairment losses for prepayments and other receivables.

During the Track Record Period, our prepayments and other receivables primarily included value-added tax recoverable, prepayments for long-term assets, rental deposits, and prepayments for research and development services. Our prepayments and other receivables amounted to RMB45.1 million, RMB57.2 million and RMB72.3 million as of December 31, 2022 and 2023 and March 31, 2024, respectively. During the Track Record Period, we did not record impairment loss for prepayments and other receivables. However, we may incur such impairment losses in the future. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions, and unpredictable adverse changes in the future may also result in decreases in the value of our prepayments and other receivables.

Therefore, we cannot assure you that these assumptions and estimates would not result in outcomes that require a material adjustment to the carrying amounts of our prepayments and other receivables in the future, which may in turn result in impairment losses. Any significant impairment losses of prepayments and other receivables in the future could have an adverse effect on our business, financial condition and results of operations.

We may incur impairment losses for intangible assets which could materially impact our financial position.

During the Track Record Period, our intangible assets primarily represented our intellectual property rights. Our intangible assets amounted to RMB73.7 million, RMB68.1 million and RMB66.7 million as of December 31, 2022 and 2023 and March 31, 2024, respectively. See "Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Intangible Assets."

We assess whether there are any indicators of impairment for intangible assets at the end of each reporting period. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in the assumptions made with

respect to estimated future cash flows or discount rates may lower the estimated recoverable amount of an asset in comparison to its carrying amount. See Note 2.3 to the Accountants' Report set out in the Appendix I to this prospectus. We may incur impairment losses for intangible assets in the future, which may materially and adversely reduce our assets and impact our profitability that could, in turn, have an adverse effect on our financial position.

Change in Fair Value of Redemption Liabilities on Equity Shares may affect our financial condition and results of operations.

Redemption liabilities on equity shares represent the redemption liabilities of the equity shares we issued to our Pre-IPO Investors. We classified such Shares held by Pre-IPO Investors as financial liabilities measured at FVTPL, which amounted to RMB882.5 million, RMB1,145.3 million and RMB1,169.1 million as of December 31, 2022 and 2023 and March 31, 2024, respectively. The fair value of a redemption liability on equity shares is calculated as the higher of (i) P+I; (ii) the net assets of the company held by the investors; and (iii) the investment principal plus the increase of the shareholders' equity of the company held by the investors in proportion to the shareholding period, all of which are unobservable inputs. See Note 32 to the Accountants' Report set out in the Appendix I to this prospectus.

During the Track Record Period, our change in fair value of redemption liabilities on equity shares represented fair value losses on the Shares held by Pre-IPO Investors. The Shares held by Pre-IPO Investors are initially recognized at fair value and the increases in the fair value are recognized as fair value losses on the consolidated statements of profit or loss and comprehensive income. For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, we recorded change in fair value of redemption liabilities on equity shares of RMB69.1 million, RMB77.8 million and RMB23.7 million, respectively. We expect to continue to recognize fair value losses on the Shares held by Pre-IPO Investors for the period from March 31, 2024 to the date when the redemption right granted to our Pre-IPO Investors was terminated, and we do not expect to recognize any loss or gain on fair value changes of redemption liabilities on equity shares thereafter.

RISKS RELATING TO OUR OPERATIONS

The loss of any key members of our senior management team or our inability to attract and retain highly skilled and qualified employees could adversely affect our business.

We are highly dependent on the expertise and insights of our senior management. In addition, recruiting and retaining qualified scientific, clinical, manufacturing and sales personnel in the future will also be critical to our success. The loss of services of any of these individuals could delay or prevent the successful development of our drug candidates and achievement of our commercialization objectives.

Although we have not historically experienced unique difficulties in attracting and retaining qualified employees, we could experience such problems in the future. Competition for qualified employees in the pharmaceutical industry is intense and the pool of qualified candidates is limited. The departure of one or more of our senior management or key personnel, regardless of whether or not they join a competitor or form a competing company, may subject us to risks relating to replacing them in a timely manner or at all, which may disrupt our operations and have a material and adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we build and expand our commercialization team. We may not be able to attract and retain qualified employees on acceptable terms.

As we have significantly increased the size and capabilities of our organization since our inception, we may experience difficulties in managing our growth.

As our development and commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. Our recent and any future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;

- managing our relationships with third parties, including suppliers and partners;

- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our drug candidates, while complying with our contractual obligations to contractors and other third parties; and

- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to implement our long-term development strategies.

If we are not able to effectively manage our growth and further expand our organization, we may not be able to successfully develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals. Our failure to do so could materially adversely affect our business, financial condition, results of operations and prospects.

We may engage in acquisitions or strategic partnerships in the future, which may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities or subject us to other risks.

From time to time, to enhance our growth, we may evaluate various acquisition and strategic partnership opportunities that we believe would benefit us in terms of product development, technology advancement or distribution network. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- substantial time and expenses incurred during negotiation, which do not guarantee the successful consummation of an acquisition or strategic partnership;
- impact on our financial results, such as occurrence of goodwill impairment charges and amortization expenses for intangible assets;
- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel, or failure to otherwise achieve intended synergies in the combined operations;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals;
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and
- deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the acquired business we discover after such acquisition, which may subject us to penalties, lawsuits or other liabilities.

We may not be able to identify attractive targets, and we have limited experience in acquisitions. In addition, we may not be able to successfully acquire the targets identified despite spending a significant amount of time and resources on pursuing such acquisition. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The successful integration of an acquisition may require, among other things, that we integrate and retain key management, sales and other personnel, integrate the acquired technologies or services from both an engineering and a sales and marketing perspective, integrate and support preexisting supplier, distribution and customer relationships, coordinate research and development efforts, and consolidate duplicate facilities and functions. The geographic distance between companies, the complexity of the technologies and operations being integrated, and the disparate corporate cultures being combined may increase the difficulties of integrating an acquired company or technology. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense.

We are subject to the risks of doing business globally. Disruptions in the financial markets and economic conditions could affect our ability to raise capital.

We are mainly operating in China at present, and we may in the future operate in other jurisdictions, and therefore our business could be subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including:

- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected changes in laws and regulatory requirements in local jurisdictions;
- efforts to develop an international sales, marketing and distribution organization may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;
- the occurrence of economic weakness, including inflation or political instability;
- the burden of complying with a variety of foreign laws including difficulties in effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in certain jurisdictions;
- enforcement of anti-corruption and anti-bribery laws;
- trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;

- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;

- the effects of applicable local tax regimes and potentially adverse tax consequences; and

- significant adverse changes in local currency exchange rates.

In addition, we are subject to general geopolitical risks in foreign countries where we operate, such as political and economic instability and changes in diplomatic and trade relationships, which could cause our results to fluctuate and our revenue to decline. The occurrence of any one or more of these risks of doing business internationally, individually or in the aggregate, could materially adversely affect our business and results of operations.

Our Directors, employees, principal investigators, CDMOs, CROs and other commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could harm our reputation and subject us to penalties and significant expenses that have a material and adverse effect on our business, financial condition and results of operations.

We are subject to the anti-bribery laws of various jurisdictions, particularly in China and the U.S. As our business expands, the applicability of the anti-bribery laws to our operations will increase. We may be exposed to fraud, bribery or other misconduct committed by our employees, principal investigators, CDMOs, CROs and other commercial partners that could subject us to financial losses and sanctions imposed by government authorities, which may adversely affect our reputation. Our procedures and controls to monitor compliance with anti-bribery law may fail to protect us from reckless or criminal acts committed by our employees or other commercial partners. We could be liable for actions taken by them that violate anti-bribery, anti-corruption and other related laws and regulations in China, the U.S. or other jurisdictions. The government authorities may limit the sales of the products involved in any illegal or improper conduct engaged in by our employees or commercial partners. We may be subject to claims, fines or suspension of our operations. Our reputation, our sales activities or the price of our H Shares could be adversely affected if we are associated with any negative publicity as a result of illegal or improper actions, or allegations of illegal or improper actions, taken by our employees or commercial partners.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. Any such misconduct committed against our interests, including past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. In addition to the intellectual properties related litigations we may face as mentioned in "— We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful" and "— If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates", we may also be involved in disputes or litigations relating to other issues, among others, breach of contract, environmental matters, and labor disputes. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. In addition, if any verdict or award is rendered against us, we could be required to pay significant monetary damages and assume other liabilities. Consequently, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, claims, disputes or legal proceedings against us may be due to actions taken by our counterparties, such as our suppliers, CROs and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

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 maintain insurance policies that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in China, we have elected not to maintain certain types of insurance, such as insurance for environmental liability. Our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facility or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our drug development and overall operations.

Increased labor costs may slow our growth and affect our operations.

Since our operations are labor-intensive and our operations, to a certain extent, require the use of technical skills and know-how of our employees, our success depends in part on our ability to attract, retain and motivate a sufficient number of qualified employees. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labor in local markets will be sufficient to fulfil our needs. Competition for competent and skilled labor is intensive in the industry. Our failure to hire and retain enough skilled employees could delay the anticipated preclinical studies or clinical trials timeframe or receipt of regulatory approvals to commercialize our drug candidates, or result in our expenses exceeding our initial budget. Any of the foregoing changes could have a material adverse effect on our business, profitability and prospects.

Further, substantially our entire workforce is employed in China. The average labor cost in China has been steadily increasing over the past years as a result of government-mandated wage increases and other changes in the PRC labor laws. Further changes in the labor laws, rules and regulations may be promulgated by the Chinese government in the future and our operations may be materially adversely affected if such laws, rules or regulations impose additional burden on the employers. The labor cost will continue to increase in the future which is in line with the economic growth in China. Competition for employees would require us to pay higher wages, which would result in higher labor costs.

We may be subject to natural disasters, acts of war or terrorism or 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. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our business could be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations and may even require a temporary closure of our offices and laboratories. For example, the COVID-19 pandemic and its recurrence have in the past caused temporary disruption to our certain aspects of our operations, including clinical development, which had a negative impact on our operations during the Track Record Period.

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

The Property Valuation Report prepared by AVISTA Valuation Advisory Limited, an independent property valuer, set out as Appendix III to this prospectus with respect to the appraised values of our properties is based on various assumptions, which are subjective and uncertain in nature. The assumptions that AVISTA Valuation Advisory Limited used in the property valuation report include but are not limited to that (i) an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes is excluded; and (ii) no allowance has been made in the Property Valuation Report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or

taxation which may be incurred in effecting a sale. Certain of the assumptions used by AVISTA Valuation Advisory Limited in reaching the appraised value of our properties may be inaccurate or unreasonable. 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 appraised value 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. You should not place undue reliance on such values attributable to these properties as appraised by AVISTA Valuation Advisory Limited.

Our internal information technology systems, or those used by our CROs, CDMOs or other contractors, may fail or suffer security breaches.

Despite the implementation of security measures, our information technology systems and those of our current or future CROs, CDMOs and other service providers are vulnerable to damage from cyber-attacks, computer viruses, malicious codes, unauthorized access, employee theft or misuse, natural disasters, fire, power loss, terrorism, war, and telecommunication and electrical failures, among other things. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach may result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed. In addition, a security breach may result in the loss of, damage to, or public disclosure of personally identifiable information, and such an event could have serious negative consequences, including disputes, regulatory action, investigation, litigation, fines, penalties and damages, and time-consuming and expensive litigation, any of which could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

Our reputation is important to our business success, and damage to our reputation may adversely affect our business.

We, our Shareholders, Directors, officers, employees, collaboration partners, suppliers, or other third parties we cooperate with or rely on may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees, collaboration partners, suppliers or other third parties we work with or rely on were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. Any negative publicity regarding our industry could also affect our reputation and commercialization. As a result, we may be required to spend significant time and incur substantial costs to respond and protect our reputation, and we cannot assure you that we will be able to do so within a reasonable period of time, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

We are subject to risks associated with leased properties.

As of the Latest Practicable Date, we leased four properties in China with an aggregate GFA of approximately 10,120.9 sq.m. Upon expiration of the leases, we will need to negotiate for renewal of the leases and may have to pay increased rent. We cannot assure you that we will be able to renew our leases on terms which are favorable or otherwise acceptable to us, or at all. If we fail to renew any of our leases or if any of our leases are terminated or if we cannot continue to use any of our leased property, we may need to seek an alternative location and incur expenses related to such relocation, and our operation and businesses may also be disrupted or even suspended if we are not able to complete the relocation, including the reconstruction of relevant facilities in the new location, in a timely manner. In addition, the property owner of one of our leased properties has not obtained property ownership certificate. Please see "Business — Properties — Leased Properties." There is no assurance that we will not be required to vacate from this property.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and risk control procedures to manage our risk exposures, primarily our operational risks, legal risks and financial risks. However, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance such systems from time to time with future expansion of our business, we cannot assure you that our risk management and internal control systems are adequate or effective notwithstanding our efforts, and any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on the implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

Changes in the economic, political or social conditions in our major operation location may materially and adversely affect our business, financial condition, results of operations and prospects.

We generate a substantial portion of our revenue from our operations in China. Accordingly, our business, results of operations, financial condition and prospects are subject to and influenced by the economic, political and social conditions in China. The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. The overall economic growth is influenced by the governmental regulations and policies in relation to capital investments, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. If the business environment in China changes, our business and its growth prospects may be affected.

We cannot predict future changes in China's economic, political and social conditions and the effect that new government policies would have on our business and prospects.

Changes in the international trade policies may affect our business operations.

Governments around the world may make significant changes in their trade policies and/or take certain actions that may materially impact international trade, such as imposing several rounds of tariffs. While we have not started commercialization of any of our drug candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future drug products, the competitive position of our future drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or may prevent us from selling our future drug products in certain countries. If any new tariffs, legislation and regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

The evolving trade disputes may escalate going forward and may result in certain types of goods, such as advanced research and development equipment and materials, becoming significantly more expensive to procure from overseas suppliers or even becoming illegal to export. Furthermore, there can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships among the relevant countries or regions. Trade disputes, tensions and political concerns among the relevant countries or regions may therefore adversely affect our business, financial condition, results of operations, cash flows and prospects.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We work with various third parties to develop our drug candidates, such as those who help us conduct our preclinical studies and clinical trials. If these third parties 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, and our business could be materially harmed.

We have worked with and plan to continue to work with third-party collaborators, such as CROs, to monitor and manage data for our ongoing preclinical and clinical programs. We work with these parties to execute our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our collaboration with the CROs and other third parties does not relieve us of our regulatory responsibilities.

We, our CROs for our clinical programs and our clinical investigators are required to comply with GCP, which are regulations and guidelines enforced by the NMPA, FDA, PMDA and other comparable regulatory authorities for all of our drug candidates in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, FDA, PMDA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing preclinical studies, and clinical and non-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our drug candidates. As a result, our results of operations and the commercial prospects for our drug candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects.

Our future revenues are dependent on our ability to work effectively with collaborators, such as CROs, to develop our drug candidates, including to obtain regulatory approval. Our arrangements with such collaborators will be critical to successfully bringing our drug candidates to market and commercializing them. We rely on third-party collaborators in various respects, including but not limited to undertaking research and development programs, conducting clinical trials, managing or assisting with the regulatory filings and approval process, and assisting with our commercialization efforts. We do not control our collaborators; therefore, we cannot ensure that these third parties will adequately and timely perform all of their obligations to us. If they fail to complete the remaining studies successfully, or at all, it could delay, adversely affect or prevent regulatory approval. We cannot guarantee the satisfactory performance of any of our collaborators and if any of our collaborators breach or terminate their agreements with us, we may not be able to successfully commercialize the licensed product, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

We rely on third parties to manufacture our clinical drug candidates and expect to rely on third parties to manufacture our drugs when approved, and our business could be harmed if those third parties fail to provide us with sufficient quantities of the drug product or fail to do so at acceptable quality levels or prices.

We currently worked with third-party manufacturers, such as CDMOs, to manufacture and test drug candidates for preclinical and clinical supply. We expect to continue to rely on third-parties to manufacture drug candidates or manufacture a portion of the approved drugs in the future. Reliance on third-party manufacturers would expose us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the NMPA, FDA, or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates. This evaluation would require new testing and cGMP-compliance inspections by the NMPA, FDA, or other comparable regulatory authorities;

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any;

- manufacturers are subject to ongoing periodic unannounced inspection by the regulatory authorities to ensure strict compliance with cGMP and other government regulations. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- manufacturers may infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties; and

- our contract manufacturers and critical reagent suppliers may be subject to inclement weather, as well as natural or human-made disasters.

Each of these risks could delay or prevent R&D activities, result in higher costs, or adversely impact commercialization of our future approved drug candidates. In addition, we will rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm, and regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

We cannot assure you that any stability failures or other issues relating to the manufacture of our drug candidates will not occur in the future, either relating to our third-party CDMOs or on our manufacturing facility. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any future approved drug candidates for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs, and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

We have entered into an out-licensing arrangement with Livzon and may seek additional collaboration opportunities and strategic alliances or enter into licensing arrangements in the future, but we may not realize the benefits of such collaboration, alliances or licensing arrangements as expected.

We have in the past formed, and may in the future seek and form additional collaborations or strategic alliances, or enter into additional co-development and licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. In August 2020, we entered into a patent transfer and technology exclusive licensing agreement with Livzon. For more details, see "Business — Collaboration Arrangement."

For the year ended December 31, 2022, all of our revenue was derived from our out-licensing arrangement with Livzon. While we recorded nil revenue for the year ended December 31, 2023 and the three months ended March 31, 2024, our results of operations may continue to be affected by such arrangement. The out-licensing arrangement involving TY-2136b is subject to various risks, which may include the followings:

- the out-licensing arrangement may be terminated upon a 3-month notice, or if we breach our representations and warranties as set out in the agreement. Under the latter circumstance, we will be obligated to pay damages to Livzon. In addition, termination of the out-licensing arrangement may result in a need for additional capital to pursue further development or commercialization of the relevant drug candidate;

- the milestone payments and sales commissions under the out-licensing arrangement are conditioned upon the achievements of certain regulatory, development and commercialization targets. We cannot guarantee that we will be able to receive the aggregate amount as set out in the out-licensing arrangement;

- Livzon may have sole discretion in determining the efforts and resources that they will apply to the development of TY-2136b in the Greater China under the out-licensing arrangement;

- Livzon could independently develop, or develop with third parties, drugs that compete directly or indirectly with our drug candidates or future drugs;

- Livzon may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigations that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- Livzon may own intellectual property covering our drug candidates or future drugs that arise from the out-licensing arrangement with them, in such cases we will not have exclusive right over such intellectual property; and

- disputes may arise between us and Livzon that cause the delay or termination of the research, development or commercialization of TY-2136b, or that result in costly litigation or arbitration that diverts management attention and resources.

For these and other reasons, we may not achieve the outcomes and synergies expected from the out-licensing arrangement. The out-licensing arrangement is inherently uncertain, and is subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. We may face operational and financial risks including increase in near- and long-term expenditures, exposure to unknown liabilities, disruption of our business and diversion of our management's time and attention. Even if we achieve the expected benefits, we may not be able to do so within the anticipated time frame.

We face significant competition in seeking appropriate strategic partners and the negotiation process can be time-consuming and complex. We may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early of a stage of development for collaborative effort, and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a drug candidate, we may be required to relinquish some or all of the control over the future success of that drug candidate to the third party. The collaborators may also consider alternative drug candidates or technologies that may be available. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other biopharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits. See also "— Risks Relating to Our Operations — We may engage in acquisitions or strategic partnerships in the future, which may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities or subject us to other risks."

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into license and collaboration arrangements or do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business, financial condition, results of operations and prospects.

As a result, we cannot be certain that, following a license and collaboration arrangement, we will achieve the revenue or net income that justifies such transaction or such other benefits that caused us to enter into the arrangement. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and there can be no assurance that an active market would develop, and the price and trading volume of our H Shares may be volatile.

No public market currently exists for our H Shares. The Offer Price may differ significantly from the market price of the H Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading

market for our H Shares will develop, especially during the period when a certain portion of our H Shares may be subject to lock-up, or if it does develop, that it will be sustained following the Global Offering, or that the market price or trading volume of the H Shares will not decline following the Global Offering.

Normally, a stabilizing manager acting on behalf of the underwriters may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the offer shares at a level higher than that which might otherwise prevail in the open market. However, given that we will not grant any over-allotment option to the underwriters, no stabilizing manager has been appointed by us in connection to the Global Offering and it is anticipated that no price stabilization activities will be conducted by any underwriters, which may result in substantial losses for investors during the period when price stabilization activities would normally have been conducted.

In addition, the trading price and trading volume of the H Shares may be subject to significant volatility in responses to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the H Shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting the pharmaceutical markets, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

The Offer Price of our H Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the our H Shares may experience dilution in the net tangible asset value per share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to the Share Schemes, which would further dilute Shareholders' interests in our Company.

Future sales or perceived sales of our H Shares in the public market by major Shareholders following the Global Offering could materially and adversely affect the price of our H Shares.

Future sales or perceived sales by our existing Shareholders of our H Shares after the Global Offering could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Immediately upon completion of the Global Offering, our Controlling Shareholders will be entitled to exercise approximately 35.39% voting rights in our Company. As a result, our Controlling Shareholders, will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions.

Our Controlling Shareholders may take actions that are not in the best interest of us or our other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their shares as part of a sale of our Company and may reduce the price of the H Shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that other holders of our shares may view as beneficial.

We cannot assure you that we will make any dividend payments in the future.

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the research and development, regulatory filings and commercialization of our drug candidates.

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. In addition, regulations in the PRC currently permit payment of dividends of us only out of our 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 our Articles of Association and the accounting standards and regulations in China. As a result, we cannot assure you that we will make any dividend payments on our H Shares in the future. For more details on our dividend policy, see "Financial Information — Dividends." Therefore, you should not rely on an investment in our H Shares as a source for any future dividend income.

Facts, forecasts and statistics in this prospectus relating to pharmaceutical markets may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry in and outside China are obtained from various sources, including information provided or published by government agencies, third-party reports and other publicly available sources. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies.

The information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the underwriters, any of their respective directors, employees, agents or advisers or any other person or party involved in the Global Offering, and no representation is given as to its accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain future plans and forward-looking statements about us that are made based on the information currently available to our management. The forward-looking information contained in this prospectus is subject to certain risk and uncertainties. Whether we implement those plans, or whether we can achieve the objectives described in this prospectus, will depend on various factors including the market conditions, our business prospects, actions by our competitors and the global financial situations.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We do not have sufficient control over the press and media coverage, and analysts might issue negative views or recommendations on us, which could have an adverse effect on the market price of H Shares. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us.

To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in making your investment decision regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in the Global Offering. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. In order to maintain effective communication with the Hong Kong Stock Exchange, we implement, among others, the following measures which are in line with Chapter 3.10 of the Guide for New Listing Applicants:

(a) we have appointed Dr. JIANG Mingyu (蔣鳴昱) and Ms. WONG Wing Yee (黃詠儀) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The authorized representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;

(b) when the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Hong Kong Stock Exchange as soon as practicable in respect of any change in the authorized representatives in accordance with the Listing Rules. We have provided the contact details of each

Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the authorized representatives and the Hong Kong Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange;

(d) we have appointed Rainbow Capital (HK) Limited as our compliance adviser upon the Listing pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Our compliance adviser, who will serve as the additional channel of communication with the Hong Kong Stock Exchange when the authorized representatives are not available, will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Hong Kong Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Dr. JIANG Mingyu (蔣鳴昱) ("**Dr. Jiang**"), our executive Director, vice president and Board secretary, as one of our joint company secretaries. He has considerable experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. WONG Wing Yee (黃詠儀) ("**Ms. Wong**"), an associate member of each of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Dr. Jiang for an initial period of three years from the Listing Date to enable Dr. Jiang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Wong's professional qualification and experience, she will be able to explain to both Dr. Jiang and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Wong will also assist Dr. Jiang in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Wong is expected to work closely with Dr. Jiang and will maintain regular contact with Dr. Jiang, our Directors and the senior management of our Company. In addition, Dr. Jiang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. He will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Dr. Jiang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Dr. Jiang may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (a) Dr. Jiang must be assisted by Ms. Wong who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the Listing Date and will be revoked immediately if and when Ms. Wong ceases to provide such assistance to Dr. Jiang as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Dr. Jiang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Dr. Jiang, having benefited from the assistance of Ms. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

EXEMPTION FROM COMPLIANCE WITH SECTION 342(1)(B) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a company to include in its prospectus a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires a company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the company for each of three financial years immediately preceding the issue of the prospectus and (ii) the assets and liabilities of the company of each of the three financial years immediately preceding the issue of the prospectus.

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

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange be included in the accountants' report to the prospectus.

Rule 18A.03(3) of the Listing Rules requires that a biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that a biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead be references to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants' Report is prepared to cover the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024.

As such, we have applied to the SFC for, and the SFC has granted, a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this prospectus on the following grounds:

(a) our Company is primarily engaged in the R&D, application and commercialization of biotech products, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for listing required under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for each of the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) given that our Company is only required to disclose its financial results for the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2021 would require additional work to be performed by our Company and our reporting accountants, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company;

(d) notwithstanding that the financial results set out in this prospectus are only for the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements; and

(e) the Accountants' Report covering the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, together with other disclosures in this prospectus, has already provided adequate and reasonable up-to-date information for the potential investors to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that particulars of the exemption are set out in this prospectus and this prospectus will be issued on or before August 12, 2024.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into and will continue to engage in certain transaction which would constitute non-exempt continuing connected transaction for our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for such continuing connected transaction. For further details, see the section headed "Connected Transactions" in this prospectus.

CORNERSTONE SUBSCRIPTION BY CORE CONNECTED PERSON DURING THE LISTING APPLICATION PROCESS

Rule 9.09(b) of the Listing Rules provides, inter alia, that there must be no dealing in the securities for which listing is sought by any core connected person of the issuer, in the case of a new applicant, from four clear business days before the expected hearing date until listing is granted.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions for which listing is sought if (i) no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules (the "Placing Guidelines") provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rule 10.04 of the Listing Rules are fulfilled.

Chapter 2.3 of the Guide provides that (i) an existing shareholder and/or its close associates may, provided that the applicant complies with Rules 8.08(1) and 18A.07 of the Listing Rules, participate in the initial public offering (the "**IPO**") of a Biotech Company (as defined under Chapter 18A of the Listing Rules). An existing shareholder must subscribe for shares in the IPO as a cornerstone investor if it holds 10% more of the shares in the applicant prior to IPO, but may subscribe either as a cornerstone investor or placee if it holds less than 10% of the shares in the applicant prior to IPO. The applicant and its sponsors must confirm that no preference in allocation was given to the existing shareholder; and in the case of subscription as cornerstone investor, that no preference was given other than the preferential treatment of assured entitlement at the IPO price and the terms are substantially the same as other cornerstone investors; and (ii) the applicant must apply for, and the Stock Exchange will ordinarily grant, a related Rule 9.09 of the Listing Rules waiver, if allocations of shares of a Biotech Company will be made to a core connected person. For the avoidance of doubt, the Existing Shareholders Conditions set out in paragraph 12 of Chapter 4.15 of the Guide do not apply to Biotech Companies.

Our Company has applied for a waiver from strict compliance with the requirements under Rules 9.09(b) and Rule 10.04 of the Listing Rules, and a written consent under paragraph 5(2) of the Placing Guidelines, to allow Changxing Xingchang Industrial Investment Partnership (Limited Partnership) (長興興長產業投資合夥企業(有限合夥)) ("**Changxing Xingchang**") to participate as a cornerstone investor in the Global Offering to subscribe for the H Shares to be issued by the Company under the International Offering (the "**Proposed Cornerstone Investment**"). As more than 30% of the partnership interest of each of Huzhou Talent, Changxing Xingyin, Changxing Xinsheng, CICC Qihe, Changxing Guohai, Haibang Shuhu, Wangying Shanghe and Fuqi Investment (the existing Shareholders, collectively, the "**Zhejiang-related Entities**") are ultimately under the supervision and management of Zhejiang Provincial People's Government, and the Zhejiang-related Entities will in aggregate hold 43,255,361 Shares which represent approximately 11.66% of the total issued share capital of our Company upon Listing, they are regarded as core connected persons of our Company. Changxing Xingchang is an entity under the supervision and management of Changxing County People's Government which is a county government in Zhejiang province.

The Stock Exchange has granted the requested waiver and consent subject to the conditions that:

(a) the Company will comply with the public float requirements of Rules 8.08(1) and 18A.07 of the Listing Rules;

(b) the Offer Shares to be subscribed by and allocated to Changxing Xingchang, as a cornerstone investor, under the Global Offering will be at the Offer Price and subject to a lock-up period of six months from the Listing Date and Changxing Xingchang shall pay and settle in full for the relevant Offer Shares before dealings commence on the Listing Date;

(c) our Company and the Sole Sponsor confirm that no preferential treatment has been, nor will be, given to Changxing Xingchang as a cornerstone investor by virtue of its relationship with our Company in any allocation in the Global Offering, other than the preferential treatment of assured entitlement under the Proposed Cornerstone Investment which follows the principles set out in the Chapters 2.3 and 4.15 of the Guide; and

(d) details of the allocation of the Offer Shares to Changxing Xingchang as a cornerstone investor in the Global Offering will be disclosed in the final prospectus and the allotment results announcement of the Company.

For further information about the Proposed Cornerstone Investment, please refer to the section headed "Cornerstone Placing" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which all of our Directors (including proposed Directors named in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there is no other matter the omission of which would make any statement in this prospectus misleading.

CSRC FILING

According to the Overseas Listing Trial Measures, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. We have submitted a filing to the CSRC for application for the Listing on January 31, 2024. The CSRC confirmed completion of such filing on July 4, 2024. No other approvals from the CSRC are required to be obtained for the Listing.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 4,788,000 Offer Shares and the International Offering of initially 43,092,000 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus).

The listing of our H Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the terms of the International Underwriting Agreement which is expected to be entered into on or around Friday, August 16, 2024. Further information regarding the Underwriters and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

For further information about the Underwriters and the underwriting arrangements, see "Underwriting" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering (including its conditions) are set out in the sections headed "Structure of the Global Offering" and "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Unlisted Shares.

No part of our Shares or loan capital is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought as of the Latest Practicable Date. All the Offer Shares will be registered on the register of members of our Company in Hong Kong in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. in Hong Kong on Tuesday, August 20, 2024, it is expected that dealings in the H Shares on the Stock Exchange are expected to commence on Tuesday, August 20, 2024. The H Shares will be traded in board lots of 500 H Shares each. The stock code of the H Shares will be 2410.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements and how such arrangements will affect your rights and interests as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as defined under the Listing Rules) of any of our Directors, Supervisors or any existing Shareholders of our Company or a nominee of any of the foregoing.

H SHARE REGISTER AND STAMP DUTY

All of the Offer Shares will be registered on our register of members of H Share to be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered on the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

Unless determined otherwise by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on the H Share register of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB7.1376 to USD1.00, being the PBOC rate prevailing on the Latest Practicable Date, (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.91343 to HK$1.00, being the PBOC rate prevailing on the Latest Practicable Date; and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.8141 to USD1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. However, for ease of reference, the names of the PRC laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English languages. In the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed in any table, chart or elsewhere in this prospectus are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. WU Yusheng (吳豫生)	12A, No. 8, Ji Nan Road Shanghai PRC	American
Dr. JIANG Mingyu (蔣鳴昱)	Room 201, No. 35 Lane 868, Zhonghua Road Huangpu District Shanghai PRC	Chinese
Non-executive Directors		
Dr. LI Jun (李鈞)	Room 502, Unit 2 Building 1, Dongsheng Huating Longshan Subdistrict, Changxing County Zhejiang PRC	American
Dr. GU Eric Hong (顧虹)	Room 511 No. 538, Cailun Road Pudong New District Shanghai PRC	American
Dr. MENG Xiaoying (孟曉英)	Room 603, Unit 2 Building 8, No. 168 Xianlin Avenue Qixia District, Nanjing Jiangsu PRC	Chinese
Mr. HE Chao (何超)	Room 102, Door 1, Floor 1 New Building No. 1 Liupu Kang District 3 Xicheng District, Beijing PRC	Chinese
Dr. DING Zhao (丁兆)	No. 19-10, Tianjin Street Shizhong District Neijiang Sichuan PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. ZHANG Senquan (張森泉)	Flat C, Floor 37 Tower 10 South Horizons Phase II 10 South Horizon Drive Hong Kong	Chinese (Hong Kong)
Dr. LENG Yuting (冷瑜婷)	No. 100-1 Kexue Avenue High-tech Development Zone Zhengzhou Henan PRC	Chinese
Dr. XU Wenqing (許文青)	Room 702, No. 14 Lane 199, Huanke Road Pudong New District Shanghai PRC	American
Dr. SHEN Xiuhua (沈秀華)	Room 604, No. 139 Lane 339, Dapu Road Huangpu District Shanghai PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Dr. NIU Chengshan (牛成山)	No. 702, 7F, Unit 4 Building 5 Zhengshangcheng Fuyuan No. 8 Changjiang East Road Er'qi District, Zhengzhou Henan PRC	Chinese

Name	Address	Nationality
Dr. LIANG Apeng (梁阿朋)	No. 177, Building 6 No. 15, Gangdu North Street Jinshui District Zhengzhou Henan PRC	Chinese
Ms. SHANG Jing (尚靜)	Room 502, No. 27 Lane 306, Sunqiao Road Zhangjiang, Pudong New District Shanghai PRC	Chinese

For details with respect to our Directors and Supervisors, see "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Sponsor-overall Coordinator	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Deutsche Bank AG, Hong Kong Branch** Level 60, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong **Haitong International Securities Company Limited** 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Global Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong

	Deutsche Bank AG, Hong Kong Branch Level 60, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Deutsche Bank AG, Hong Kong Branch Level 60, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central Hong Kong
	Livermore Holdings Limited Unit 1214A, 12/F Tower II Cheung Sha Wan Plaza 833 Cheung Sha Wan Road Kowloon Hong Kong
Capital Market Intermediaries	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Deutsche Bank AG, Hong Kong Branch Level 60, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F
Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Legal Advisers to our Company

As to Hong Kong and U.S. laws:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC laws:

JunHe LLP
26/F, HKRI Centre One
HKRI Taikoo Hui 288 Shimen Road (No. 1)
Shanghai
PRC

As to PRC and U.S. intellectual property laws:

JunHe LLP
26/F, HKRI Centre One
HKRI Taikoo Hui 288 Shimen Road (No. 1)
Shanghai
PRC

Legal Advisers to the Sole Sponsor and Underwriters

As to Hong Kong and U.S. laws:

Morrison & Foerster
33rd Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

	As to PRC laws: **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing, PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants and Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Independent Property Valuer	**AVISTA Valuation Advisory Limited** Suites 2401-06, 24/F Everbright Centre No. 108 Gloucester Road Wan Chai Hong Kong
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing on House 71 Des Voeux Road Central Central Hong Kong
Receiving Bank	**China CITIC Bank International Limited** 61-65 Des Voeux Road Central Central Hong Kong

Registered Office and Headquarters	Room 1403-2, Floor 14, Tower A Changxing World Trade Building No. 1278 Mingzhu Road Changxing Economic Development Zone Huzhou Zhejiang Province PRC
Principal Place of Business in the PRC	8th Floor, Building T2 China Eastern Binjiang Center No. 277 Longlan Road Xuhui District Shanghai PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.tykmedicines.com** *(Information contained on this website does not form part of this prospectus)*
Joint Company Secretaries	**Dr. JIANG Mingyu (蔣鳴昱)** Room 201, No. 35 Lane 868, Zhonghua Road Huangpu District Shanghai PRC **Ms. WONG Wing Yee (黃詠儀)** *(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Authorized Representatives	**Dr. JIANG Mingyu (蔣鳴昱)** Room 201, No. 35 Lane 868, Zhonghua Road Huangpu District Shanghai PRC
	Ms. WONG Wing Yee (黃詠儀) *(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. ZHANG Senquan (張森泉) *(Chairperson)* Dr. LI Jun (李鈞) Dr. LENG Yuting (冷瑜婷)
Remuneration and Appraisal Committee	Dr. LENG Yuting (冷瑜婷) *(Chairperson)* Dr. WU Yusheng (吳豫生) Mr. ZHANG Senquan (張森泉)
Nomination Committee	Dr. WU Yusheng (吳豫生) *(Chairperson)* Mr. ZHANG Senquan (張森泉) Dr. LENG Yuting (冷瑜婷)
Scientific Committee	Dr. WU Yusheng (吳豫生) *(Chairperson)* Dr. LI Jun (李鈞) Dr. XU Wenqing (許文青)
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

Principal Bankers

China Construction Bank
Changxing Mingzhu Sub-branch
555 Mingzhu Road
Changxing County
Huzhou
Zhejiang Province
PRC

China CITIC Bank
Shanghai Songjiang Sub-branch
Room 101, 1/F
1455 New Songjiang Road
Songjiang District
Shanghai
PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, employees, agents or advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy, fairness and completeness. For a discussion of the risks relating to our industry, see "Risk Factors."

SMALL MOLECULE ANTITUMOR DRUGS MARKET

Small molecule drugs usually refer to organic compound molecules with a molecular weight of less than 900 Daltons. TKIs are one of the most important small molecule antitumor drugs. They are a group of pharmacologic agents that disrupt the signal transduction pathways of protein kinases by various modes of inhibition. TKIs do not prevent ligand binding or dimerization, but prevent ATP from binding to the kinase domain. They block cross-phosphorylation of receptors and phosphorylation of substrates, consequently disrupting signal transduction pathways and impeding cancer cell proliferation.

In the field of cancer therapy, both small molecule drugs and biologics have unique applications. Small molecule drugs are chemically synthesized, while biologics are derived from living cells or through biological processes. Biologics are relatively complex molecules, often consisting of proteins, carbohydrates, nucleic acids, cells or tissues for transplantation, or a complex composite of these substances. Technically, small molecule drugs differ from biologics in size and manufacturing process. Small molecules are relatively smaller, usually between 0.1 and 1 kDa, whereas biologics are typically larger, often exceeding 1 kDa in size. Both types of drugs have distinct advantages. Small molecule drugs are notable for their oral bioavailability, blood-brain barrier permeability, low immunogenicity, cost-effectiveness due to lower production expenses, simplified mass production processes, and convenient storage. Their ability to precisely target intracellular functions makes them indispensable in certain treatment contexts. Biologics, on the other hand, are able to bind selectively to their targets and interact effectively with proteins and other molecules, demonstrating good specificity. They can treat a wide range of medical conditions for which there are no available therapies. Despite the rise of biologics, small molecule drugs continue to dominate the market, with increasing demand. In 2023, small molecule drugs accounted for more than 60% of FDA novel drug approvals.

The global small molecule antitumor drugs market has experienced a rapid growth from US$36.0 billion in 2017 to US$84.3 billion in 2023, representing a CAGR of 15.2%. It is expected that the global small molecule antitumor drugs market will reach US$170.7 billion in 2030, representing a CAGR of 10.6% from 2023 to 2030. The small molecule antitumor drugs market in China has developed at a faster pace than the global market, increasing from RMB9.8 billion in 2017 to RMB73.4 billion in 2023, representing a CAGR of 39.9%. It is expected that the small molecule antitumor drugs market in China will grow at a CAGR of 16.0% from 2023 to 2030, reaching RMB207.5 billion in 2030.

Future Trends of Small Molecule Antitumor Drugs Market in China

- *Innovative approaches addressing brain metastases.* The blood-brain barrier is a tightly packed layer of endothelial cells that protects the brain from harmful substances in the bloodstream and allows essential nutrients to pass through. It is a highly selective barrier that presents challenges in delivering therapeutic drugs to the brain. Innovative drugs with better blood-brain barrier permeability can improve efficacy while ensuring safety, and can further prolong the survival of patients with brain metastases, bringing more benefits to patients. Therefore, innovative drugs with good blood-brain barrier permeability will be more competitive in the small molecule antitumor drug market in China.

- *Combination therapy to solve drug resistance.* Overcoming drug resistance in antitumor small molecule targeted drugs is a critical challenge. Combining multiple small molecule inhibitors has been utilized to combat resistance. For instance, in response to third-generation EGFR-TKIs resistance due to abnormal cell cycle regulation, combining osimertinib with CDK4/6 inhibitors like palbociclib can sensitize osimertinib-resistant cells, showing promise in addressing this issue. Combining small molecule targeted drugs with immunotherapies, such as anti-PD-1 antibody, also enhances efficacy for patients with drug resistance. Lenvatinib, a multi-receptor TKI, combined with pembrolizumab earned FDA breakthrough therapy designation in 2018 for advanced or metastatic renal cell carcinoma.

- *AI technologies supporting R&D in the pharmaceutical industry*. AI including CADD/AIDD, can be applied to all stages of pharmaceutical R&D. In the traditional pharmaceutical model, drug structure design relies on expert experience and the failure rate of new drug screening is high. New drug R&D usually requires more than US$1.0 billion and a cycle of more than 10 years. AI technologies have supported a new wave of drug development platforms by utilizing massive data sets to quickly identify patient response markers and develop viable drug targets in a more cost-effective and efficient manner.

- *Innovative modalities incorporating small molecule drugs.* PROTACs are a promising class of innovative drug modalities that exploit the body's own protein degradation mechanisms to selectively eliminate disease-causing proteins, opening up a new avenue for disease treatment. Oral PROTACs offer possibilities for the treatment of various diseases, including cancer, neurodegenerative diseases, and autoimmune diseases. This innovative therapy directly degrades disease-causing proteins and is expected to overcome the limitations of traditional small molecule inhibitors and monoclonal antibody therapies. SMDCs are another promising approach to targeted therapies, enabling small molecules to act as targeted ligands to selectively release potent cytotoxic agents in the tumor microenvironment, thereby enhancing the therapeutic potential of antitumor drugs. SMDCs have the advantages of controllable costs, faster research and development, and a good industrial foundation. SMDCs, consisting of small molecules only, offer a synthesis process and cost that are easily manageable. In contrast to antibody drugs, they involve a straightforward industrial operation, paving the way for future cost-effective mass production. Furthermore, in theory, SMDCs are not immunogenic, contributing to simplified safety control measures.

EGFR-TKI DRUGS MARKET

Overview

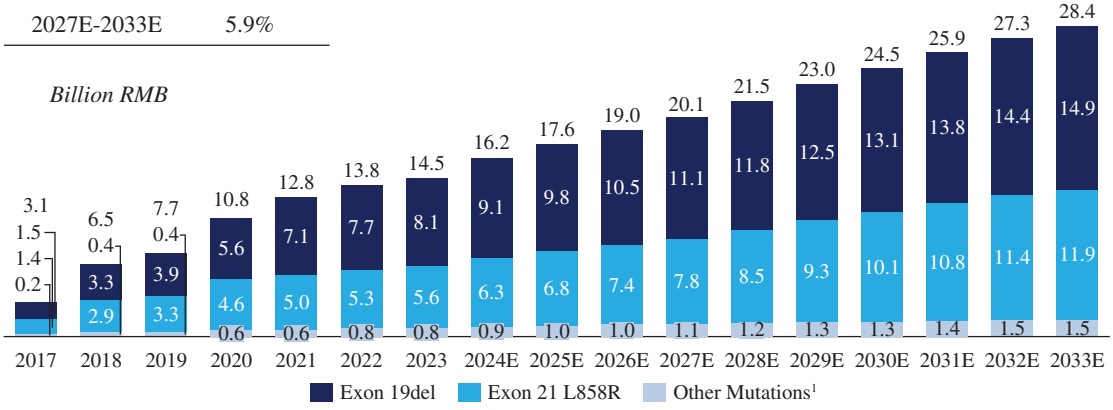
EGFR is a cell surface receptor tyrosine kinase for EGF. Activation of EGFR can lead to a series of downstream signaling activities that activate tumor cell growth, survival, invasion, metastasis and inhibition of apoptosis. Tumor cell division can happen uncontrollably when the pathway is abnormally activated through EGFR mutations, gene amplification of wild type EGFR or over expression of wild type EGFR.

EGFR-TKIs inhibit the activation of the EGFR intracellular tyrosine kinase domain by competing with ligands such as EGF for binding to the EGFR receptor, thereby blocking the downstream cascade by inhibiting the upstream signaling pathway.

In China, the EGFR-TKI market increased from RMB3.1 billion in 2017 to RMB14.5 billion in 2023, representing a CAGR of 29.3%. Driven by increasing demand for targeted therapies and new approaches to address drug resistance, the EGFR-TKI market in China is expected to reach RMB20.1 billion and RMB28.4 billion in 2027 and 2033, respectively, growing at a CAGR of 8.5% from 2023 to 2027 and a CAGR of 5.9% from 2027 to 2033. EGFR-TKIs target EGFR exon 19 deletion and EGFR exon 21 L858R mutations dominate the market with a market share of 94.6% in 2023.

EGFR-TKI Market in China, 2017-2033E

Period	CAGR
2017-2023	29.3%
2023-2027E	8.5%
2027E-2033E	5.9%



Note:

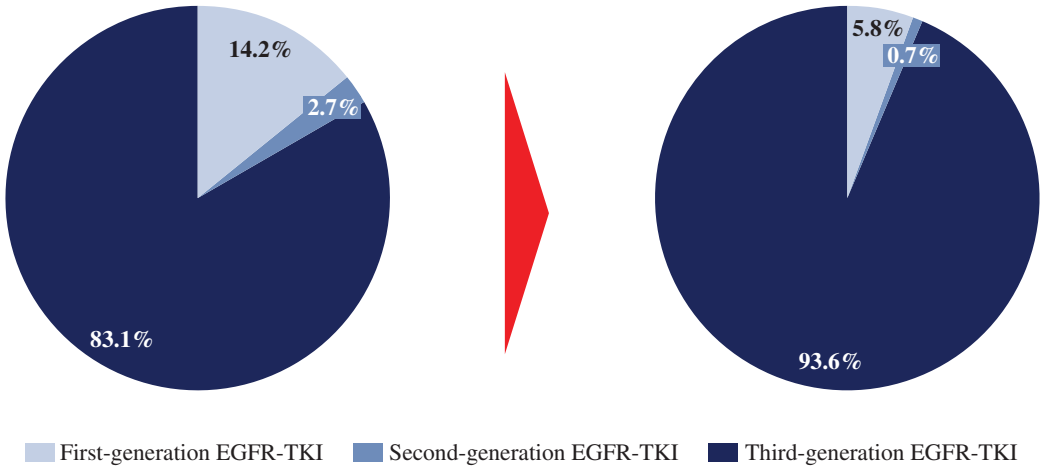
(1) The other mutations refer to all EGFR mutation subtypes excluding exon 19 deletion, exon 21 L858R and exon 20 insertion. The EGFR-TKI for EGFR exon 20 insertion cannot be categorized as a product in any of the three generations of EGFR-TKIs, so the market size of EGFR-TKI excludes the market size of EGFR-TKI for EGFR exon 20 insertion.

Source: Frost & Sullivan Analysis

In China, the market size of EGFR-TKIs for advanced or metastatic NSCLC patients with EGFR mutations increased from RMB3.1 billion in 2017 to RMB12.6 billion in 2023, representing a CAGR of 26.3%. It is expected to reach RMB16.8 billion in 2028 and RMB21.6 billion in 2033, growing at a CAGR of 5.9% from 2023 to 2028 and a CAGR of 5.2% from 2028 to 2033.

In 2023, the third-generation EGFR-TKIs dominated the EGFR-TKI drug market, accounting for 83.1% of the China market share. In the future, the market share of the third-generation EGFR-TKIs will keep increasing, as it will account for 93.6% of the China EGFR-TKI market in 2033.

Breakdown of EGFR-TKI Market in China, 2023 v.s 2033E



Source: Frost & Sullivan Analysis

The fourth-generation EGFR-TKIs specifically target C797S, a mutation responsible for resistance to third-generation EGFR-TKIs. Consequently, they are poised to serve as a later-line treatment for patients who have received third-generation EGFR-TKIs and experienced disease progression. In the absence of an approved fourth-generation EGFR-TKI, patients who develop resistance to third-generation EGFR-TKIs are typically transitioned to chemotherapy or alternative therapies other than EGFR-TKIs. In addition, the cumulative incidence of the EGFR C797S mutation in NSCLC patients who are likely to experience disease progression after initial treatment with osimertinib is only 12.5%, indicating a relatively small subset of patients eligible for fourth-generation EGFR-TKI treatment. Consequently, the impact of fourth-generation EGFR-TKIs on overall EGFR-TKI market share dilution is anticipated to be minimal.

As of the Latest Practicable Date, five fourth-generation EGFR-TKIs were undergoing clinical development, all of which were in Phase I/II stages, with expectation of potential approval and market availability in China by 2033.

EGFR-TKI

Exon 19 deletion and Exon 21 L858R-TKI

The activating EGFR gene mutants mainly occur in the 18-21 exon, which encodes the intracellular tyrosine kinase domain. Among them, exon 19 deletion and exon 21 L858R mutation account for 85% of EGFR mutations, with exon 19 deletion contributing 44.8% and exon 21 L858R contributing 39.8% to the overall EGFR mutation profile.

In China, approximately 50.2% of NSCLC patients have EGFR mutations. Among them, exon 19 deletion and exon 21 L858R mutation account for 44.8% and 39.8%, respectively. In China, the market size of EGFR-TKIs for advanced or metastatic NSCLC patients with EGFR L858R mutation increased from RMB1.4 billion in 2017 to RMB5.6 billion in 2023, representing a CAGR of 26.2%. It is expected to reach RMB8.5 billion in 2028 and RMB11.9 billion in 2033, growing at a CAGR of 8.7% from 2023 to 2028 and a CAGR of 7.0% from 2028 to 2033.

There are three generations of EGFR-TKIs that have been approved for marketing. The first-generation EGFR-TKIs include gefitinib, erlotinib and icotinib, of which gefitinib was the first approved first-generation EGFR-TKI, approved in Japan in 2002. With the deepening understanding of the drug mechanism of EGFR targets, there have been more and more drug researches around EGFR and its resistance targets. The following table lists the key features of the three generations of EGFR-TKIs.

Development Path of EGFR-TKIs

	1st Generation EGFR-TKI	*2nd Generation EGFR-TKI*	*3rd Generation EGFR-TKI*
Drugs	Gefitinib, Erlotinib, Icotinib	Afatinib, Dacomitinib	Osimertinib, Almonertinb, Furmonertinib, Befotertinib
Mechanism	Competitive inhibition of ATP binding to EGFR tyrosine kinase activation region sites	Irreversible binding to EFGR tyrosine kinase activation region	Covalently binding to Cys797 of tyrosine kinase binding domain
Inhibition mode	Reversible	Irreversible	Irreversible
Targeting mutations	Exon19 del, Exon 21 L858R	Exon19 del, Exon 21 L858R	Exon19 del, Exon 21 L858R, Exon 20 T790M
BBB permeability	Weak	Weak	Ordinary

Source: Literature Review, Frost & Sullivan Analysis

The first-generation EGFR-TKIs, including erlotinib, gefitinib and icotinib, are reversible inhibitors that can inhibit EGFR activity by reversibly binding to the ATP-binding site in the tyrosine kinase domain. They were effective for NSCLC patients with EGFR mutations in the first-line setting. Unfortunately, despite initial benefit, most patients develop acquired resistance to them within one year, which is driven in approximately 50% of cases by a second-site EGFR point mutation, the T790M mutation occurring within exon 20. Second-generation EGFR-TKIs, afatinib and dacomitinib, irreversibly inhibit all four ErbB receptors including EGFR. As such, they were designed to be more potent inhibitors of EGFR, aiming to improve ORR and PFS, but at the cost of increased toxicity. Second-generation EGFR-TKIs have more targets and irreversibly inhibit HER2 in addition to EGFR, potentially leading to cardiac-related toxicity issues that do not occur during treatment with first-generation EGFR-TKIs. Furthermore, the recommended clinical dosage of second-generation EGFR-TKIs is higher than that of the first-generation EGFR-TKIs, which approach the dosage that causes DLTs, resulting in increased toxicity compared to first-generation EGFR-TKIs. Nevertheless, afatinib failed to extend OS compared to a first-generation EGFR-TKI gefitinib (according to LUX-Lung 7 study, the OS of afatinib vs. gefitinib was 27.9 months vs 24.5 months), and the T790M mutation remains the major resistance mechanism to first- and second-generation TKIs in EGFR-mutant NSCLC.

The T790M mutation increases the competition between ATP and the reversible EGFR-TKIs by exerting effects on both steric hindrance and increased ATP affinity to mutant EGFR receptor, thereby decreasing the efficacy of first- and second-generation EGFR-TKIs. The third-generation EGFR-TKIs, including osimertinib, befotertinib, furmonertinib and almonertinib, have satisfactory efficacy in overcoming acquired resistance to the first- and second-generation EGFR-TKIs mediated by T790M mutation. These mutant-selective EGFR-TKIs could represent a promising approach to overcome T790M-mediated resistance in NSCLC patients. For example, osimertinib has been classed as a breakthrough compound for fast-track development and received its first global approval by the FDA in November 2015 for patients with metastatic EGFR T790M-positive NSCLC who had progressed on prior systemic therapy, including an EGFR-TKI. In addition, the third-generation EGFR-TKIs exhibited selectivity against EGFR mutations over wild-type EGFR. This favorable property resulted in improved safety profile.

The three generations of EGFR-TKIs demonstrate distinct PFS outcomes for exon 19 deletion and exon 21 L858R. While the third-generation EGFR-TKIs have enhanced PFS for exon 19 deletion, there remains a need for improvement in the PFS for exon 21 L858R. The following table summarizes PFS of the three generations of EGFR-TKIs.

Drug Name	Brand Name	Generation	Clinical trial	Line	Indications		
					19del	21 L858R	Overall
Rilertinib	Sanrisso	3rd-generation	SHC013-II-01	2nd-line	13.8	9.7	12.6
Rezivertinib	Undisclosed	3rd-generation	N/A	2nd-line	12.4	10.3	12.2
Befotertinib	Surmana	3rd-generation	IBIO-103	1st-line	NE	17.9	22.1
Furmonertinib	Ivesa	3rd-generation	FURLONG	1st-line	Undisclosed		20.8
Almonertinib	Ameile	3rd-generation	AENEAS	1st-line	20.8	13.4	19.3
Osimertinib	Tagrisso	3rd-generation	FLAURA	1st-line	21.4	14.4	18.9
Dacomitinib	Vizimpro	2nd-generation	ARCHER 1050	1st-line	16.5	12.3	14.7
Afatinib	Gilotrif	2nd-generation	Lux-Lung 7	1st-line	12.7	10.9	11.0
Icotinib	Conmana	1st-generation	CONVINCE	1st-line	11.2	11.1	11.2
Erlotinib	Tarceva	1st-generation	ENSURE	1st-line	11.1	8.3	11.0
Gefitinib	Iressa	1st-generation	IPASS	1st-line	11.0	9.2	9.5

Note: Currently, rilertinib and rezivertinib are approved for the second-line treatment of NSCLC only. While other products are approved for the first-line treatment.

Source: Literature Review, Frost & Sullivan Analysis

In addition to the non-head-to-head comparisons outlined in the above table, osimertinib stands out as the first third-generation EGFR-TKI to demonstrate improved efficacy compared to previously approved EGFR-TKIs. None of the subsequently approved third-generation EGFR-TKIs opted for head-to-head trials with osimertinib, indicating their lack of significant advantage over osimertinib in terms of efficacy. Furthermore, osimertinib is currently the sole third-generation EGFR-TKI to have undergone a real-world Phase IV study, the results of which were largely consistent with its pivotal trial outcomes. Given both the pivotal trial and the Phase IV study yielded similar results, osimertinib's sustained effectiveness underscores its status as the most effective third-generation EGFR-TKI currently available for the first-line treatment.

AstraZeneca obtained marketing approval for osimertinib in combination with chemotherapy for the treatment of adults with locally advanced or metastatic NSCLC with EGFR mutations from the NMPA in June 2024. The marketing approval of osimertinib and chemotherapy combination is expected to have a limited impact on the future development and commercialization of TY-9591 as a monotherapy which we are currently conducting pivotal clinical trials due to two factors. Firstly, the safety profile of osimertinib and chemotherapy combination is relatively weak and the targeted patients usually have poor physical conditions. As a result, the number of patients eligible for osimertinib and chemotherapy combination may be relatively small. Secondly, for the first-line treatment, the Chinese Society of Clinical Oncology guideline currently recommends osimertinib monotherapy as the first-tier recommendation and only recommends combination therapy as the second-tier.

Competitive Landscape of Third-Generation EGFR-TKIs in China

As of the Latest Practicable Date, there were six third-generation EGFR-TKIs approved for NSCLC with EGFR exon 19 deletion, exon 21 L858R and exon 20 T790M in China, and only befotertinib, furmonertinib, almonertinib, and osimertinib were approved as first-line treatment. None of these drugs were indicated for brain metastases from lung cancer. The tables below illustrate the efficacy and the competitive landscape of marketed third-generation EGFR-TKIs for NSCLC in China:

Efficacy of EGFR-TKIs Approved by the NMPA

Drug Name	Brand Name	Target	Generation	Company	Indications	mPFS(month)			Line	Approval Date	2023 Global Sales (million USD)
						Ex19del	L858R	Overall			
Rilertinib	Sanrisso	EGFR	3rd-generation	Sanhome Pharmaceutical	NSCLC	13.8	9.7	12.6	2nd line	2024-06-17	NA
Rezivertinib	Undisclosed	EGFR	3rd-generation	Beta Pharma	NSCLC	12.4	10.3	12.2	2nd line	2024-05-20	NA
Befotertinib	Surmana	EGFR	3rd-generation	Betta Pharma	NSCLC	NE	17.9	22.1	1st line	2023-10-12	Undisclosed
Furmonertinib	Ivesa	EGFR	3rd-generation	Allist Pharmaceutical	NSCLC	20.8	13.4	19.3	1st line	2022-06-28	274.0
Almonertinib	Ameile	EGFR	3rd-generation	Hansoh Pharma	NSCLC	Undisclosed		20.8	1st line	2021-12-16	Undisclosed
Osimertinib	Tagrisso	EGFR	3rd-generation	Astrazeneca	NSCLC	21.6	14.2	18.9	1st line	2019-08-30	5,799

Abbreviation: NE = not evaluated.

Source: NMPA, Frost & Sullivan Analysis

Competitive Landscape of EGFR-TKIs Approved by the NMPA

Drug Name	Brand Name	Target	Mutation Subtype	Monotherapy or Combined Therapy	Covered by NRDL	End User Price (RMB/box)	Treatment Cost (RMB/month)
Rilertinib	Sanrisso	EGFR	T790M	Monotherapy	No	NA	NA
Rezivertinib	Undisclosed	EGFR	T790M	Monotherapy	No	NA	NA
Befotertinib	Surmana	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	2,862.4	8,587.2
Furmonertinib	Ivesa	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	2,494.5	4,989.0
Almonertinib	Ameile	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	2,016.0	5,345.4
Osimertinib	Tagrisso	EGFR	Ex19del, L858R, T790M	Monotherapy	Yes	4,966.2	4,966.2

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, nine third-generation EGFR-TKI candidates were in clinical development for NSCLC and two of them were indicated for NSCLC with brain metastases, among which TY-9591 was the most clinically advanced EGFR-TKI candidate. In the meantime, TY-9591 is the only EGFR-TKI currently undergoing head-to-head pivotal trials directly comparing its efficacy with osimertinib, which is by far the most effective third-generation EGFR-TKI. The table below illustrates the competitive landscape of clinical-stage third-generation EGFR-TKIs for NSCLC in China:

Drug Name/Code	Target	Mutation Subtype	Company	Control	Clinical Stage	Indications	First Posted Date
TY-9591	**EGFR**	**L858R**	**TYK Medicines, Inc**	**Osimertinib**	**III**	**NSCLC**	**2022-05-19**
		Ex19del, L858R, T790M			**II (Pivotal)**	**NSCLC with Brain metastases**	**2021-11-16**
Abivertinib	BTK, EGFR	Ex19del, L858R, T790M	Sorrento/Essen Pharmaceutical	Gefitinib	III	NSCLC	2019-04-09
FHND9041	EGFR	Ex19del, L858R, T790M	Chia Tai Fenghai Pharmaceutical	Afatinib	III	NSCLC	2021-08-31
Limertinib	EGFR	Ex19del, L858R, T790M	Aosaikang Pharmaceutical	Gefitinib	III	NSCLC	2019-08-29
Kenitinib	EGFR	Ex19del, L858R	Suzhou Teligene	NA	II	NSCLC with Brain metastases	2020-05-12
TQB3456	EGFR	Ex19del, L858R, T790M	Chia Tai-tianqing Pharmaceutical	NA	I	NSCLC	2018-08-31
QLH11811	EGFR	Ex19del, L858R, T790M	Qilu Pharmaceuticals	NA	I	NSCLC	2022-09-22
YZJ-0318	EGFR	Ex19del, L858R, T790M	Yangtze River Pharmaceutical	NA	I	NSCLC	2018-01-28
DZD6008	EGFR	Ex19del, L858R, T790M	Dizal Pharma	NA	I	NSCLC	2024-05-24

Source: CDE, Frost & Sullivan Analysis

Exon 20 Insertion-TKI

EGFR exon 20 insertion results in constitutive activation of proliferative pathways, including the MAPK and PI3K-AKT-mTOR signaling pathways, and thus driving tumor development and progression. Although considered "rare", EGFR exon 20 insertion is the third common mutation in NSCLC, with approximately 7.7% of NSCLC mutated patients having EGFR exon 20 insertion in China. From 2017 to 2023, the number of new cases of NSCLC with EGFR exon 20 insertion worldwide increased from 60.6 thousand to 71.3 thousand, representing a CAGR of 2.7%. It is estimated that the number of new cases of NSCLC with EGFR exon 20 insertion worldwide will reach 92.4 thousand in 2033. From 2017 to 2023, the number of new cases of NSCLC with EGFR exon 20 insertion in China increased from 27.8 thousand to 33.5 thousand, representing a CAGR of 3.1%. It is estimated that the number of new cases of NSCLC with EGFR exon 20 insertion in China will reach 44.1 thousand in 2033.

Exon 20 insertions are also found in HER2, which is another member of ErbB receptor tyrosine kinase family. HER2 plays a critical role in NSCLC development and progression by forming heterodimers with other HER family members (EGFR or HER1, HER2 and HER4) upon ligand binding, and activates the cytoplasmic kinase domain, which phosphorylates the receptor tail region of tyrosine. Additionally, HER2 may form homodimers when it is highly expressed. Exon 20 insertions are the most dominant type of HER2 aberration in NSCLC by far, representing greater than 90% of all observed HER2 mutations.

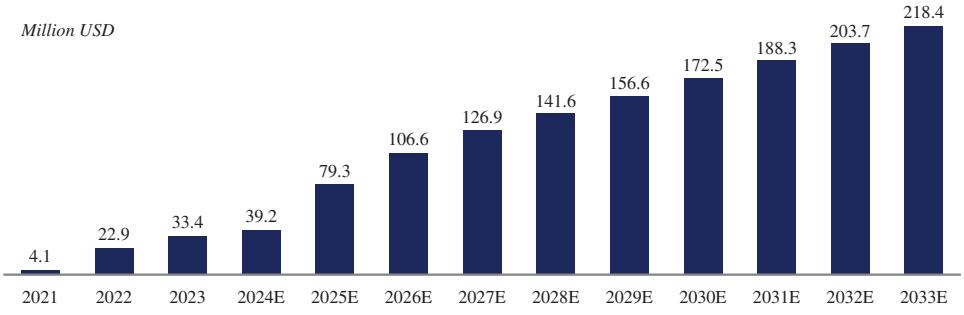
The most common exon 20 mutation site in EGFR is the T790M mutation, which generates steric hindrance, reducing the binding of the ATP pocket of EGFR to the target drug and increasing the affinity of L858R for ATP, thus leading to EGFR-TKI resistance. According to Frost & Sullivan, the proportion of T790M mutations in NSCLC patients treated with EGFR-TKIs, both globally and in China, is approximately 50%. EGFR exon 20 insertion is the third most common type of EGFR mutation. EGFR exon 20 insertions are heterogeneous at the molecular level but can be characterized as in-frame insertions or duplications of between 3 and 21 bp (corresponding to 1 to 7 amino acids) clustered between amino acid positions 762 and 774 of the EGFR protein.

Patients with exon 20 insertions are associated with *de novo* resistance to targeted EGFR-TKIs and correlate with a poor patient prognosis. First- and second-generation EGFR-TKIs are effective treatments for NSCLC harboring the major EGFR mutations of exon 19 deletion and exon 21 L858R, and the third-generation EGFR-TKI is also active against the EGFR exon 20 T790M resistance mutation that commonly arises in NSCLC with the classic activating mutations. However, these agents have limited activity against cancers harboring EGFR exon 20 insertion. EGFR exon 20 insertion-TKI with activity against exon 20 insertions have therefore been developed to address the unmet medical need.

The global EGFR exon 20 insertion-TKI market is expected to increase from US$4.1 million in 2021 to US$126.9 million and US$218.4 million in 2027 and 2033, respectively, with a CAGR of 76.8% from 2021 to 2027 and a CAGR of 9.5% from 2027 to 2033. The EGFR exon 20 insertion-TKI market in China increased from RMB106.6 million in 2023 to RMB446.0 million in 2027, representing a CAGR of 43.0%, and is estimated to grow further to RMB735.3 million in 2033, with a CAGR of 8.7% from 2027 to 2033.

Global EGFR Exon 20 Insertion-TKI Market, 2021-2033E

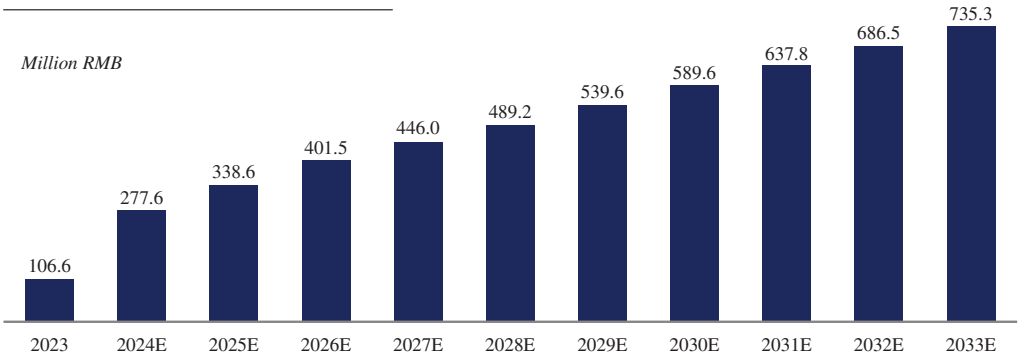
Period	CAGR
2021-2027E	76.8%
2027E-2033E	9.5%



Source: Frost & Sullivan Analysis

EGFR Exon 20 Insertion-TKI Market in China, 2023-2033E

Period	CAGR
2023-2027E	43.0%
2027E-2033E	8.7%



Source: Frost & Sullivan Analysis

Competitive Landscape of EGFR Exon 20 Insertion-TKIs

As of the Latest Practicable Date, no EGFR exon 20 insertion-TKIs had gained FDA approval. One EGFR exon 20 insertion-TKI received approval from the NMPA for treating NSCLC: sunvozertinib (舒沃哲) by Dizal Pharmaceutical Co., Ltd. Exkivity was approved for marketing by the FDA on September 15, 2021 and approved for marketing by the NMPA in January 2023, but Takeda Pharmaceuticals voluntarily withdrew Exkivity from the U.S. market and subsequently the China market in October 2023 and April 2024, respectively, due to a Phase III confirmatory study failing to meet its primary endpoint. According to the public information released by Dizal Pharma, the sales revenue of Sunvozertinib (舒沃哲), approved by NMPA in August 23, 2023, reached RMB40.1 million by September 30, 2023.

As of the Latest Practicable Date, there were nine EGFR exon 20 insertion-TKI candidates in clinical development for NSCLC globally, with the most clinically advanced EGFR exon 20 insertion-TKI candidate in the Phase III stage. As of the Latest Practicable Date, nine EGFR exon 20 insertion-TKI candidates were under clinical development for NSCLC in China, with the most clinically advanced EGFR exon 20 insertion-TKI candidate in the Phase III stage.

Future Trends of EGFR-TKI Market in China

- *Fill in treatment vacuum.* Although targeted therapies including EGFR-TKI have significantly improved the treatment of NSCLC patients, due to the influence of the blood-brain barrier, the concentration of targeted drugs and chemotherapeutic agents in the cerebrospinal fluid is often lower than that in peripheral blood, making it relatively difficult to treat NSCLC patients with brain metastases, and the survival period is shorter. In the future, EFGR-TKI with better blood-brain barrier permeability will be developed to broaden the therapeutic window of EGFR-TKI, thus increasing the efficacy of treatment for patients with brain metastases.

- *Precise targeted therapy indicated for EGFR mutation subtypes.* Exon 19 deletion and exon 21 L858R mutations are two of the most common subtypes of EGFR mutations. Several large randomized controlled trials have found that first-, second-, and third-generation EGFR-TKIs show different efficacy in treating patients with exon 19 deletion and exon 21 L858R mutations. Overall, patients with exon 19 deletion have significantly higher PFS and OS benefits than patients with exon 21 L858R mutation. Currently, EGFR exon 21 L858R patients still lack effective treatment. Continuous research and innovation may lead to the emergence of targeted drugs exhibiting superior clinical efficacy for specific mutation subtypes, surpassing the currently available options. Such advancement will enable doctors to select distinct drugs tailored for various EGFR mutation subtypes, paving the way for a more precise and effective EGFR-targeted therapy.

- *Increasing market share of third-generation EGFR-TKIs.* EGFR-TKIs have occupied an absolutely dominant position in the treatment paradigm of NSCLC patients with EGFR mutation, and targeted therapy has become one of the most important NSCLC therapeutic methods. The utilization rate and penetration rate of EGFR-TKI are expected to continue to rise. Since the price of osimertinib has been reduced and osimertinib has entered the NRDL, the accessibility of third-generation EGFR-TKIs to patients has been greatly improved. With the successful exploration of combination therapy between third-generation EGFR-TKIs and other drugs in the future, the scope of application of third-generation EGFR-TKIs will continue to expand and the market share of third-generation EGFR-TKIs will continue to increase.

- *Continue addressing drug resistance.* The next generation of EGFR-TKIs-based regimen is currently in development to combat on-target resistance. New EGFR-TKIs are poised to directly address emerging mutations like EGFR C797S. Simultaneously, combining EGFR-TKIs with other therapies presents a strategy to counter off-target resistance. For instance, the investigation of combining MET inhibitors with EGFR-TKIs addresses MET amplification-induced resistance to drugs like osimertinib. Moreover, in cases where resistance mechanisms remain unknown, researchers are exploring the amalgamation of targeted agents with chemotherapy or immune checkpoint inhibitors. These tailored development efforts will effectively tackle new challenges in cancer treatment in the future.

- *Combination therapy improve clinical outcome.* Combination therapy can bring synergistic antitumor effect and thus significantly improve the clinical outcome. For example, the FLAURA2 study in Asia showed that the combined therapy of osimertinib and chemotherapy greatly improved the efficacy than osimertinib monotherapy.

CDK INHIBITOR DRUGS MARKET

Overview

CDKs are a group of serine/threonine kinases whose activity is regulated by both cell cycle proteins and CDK inhibitors. They play crucial roles in governing cell cycle checkpoints and DNA transcription, acting as pivotal regulators during cell division and proliferation. By forming heterodimers with cell cycle proteins in response to diverse internal and external cell signals, CDKs regulate cell division. In humans, the CDK and cell cycle protein family is extensive, comprising 29 cell cycle proteins and 20 CDK proteins identified so far. While CDKs 1, 2, 3, 4, and 6 directly influence cell cycle transitions and division, CDKs 7-11 primarily govern DNA transcription.

Early development efforts focused on the development of nonselective CDK inhibitors, with activities against multiple CDKs. For example, alvocidib, which inhibits CDK1, 2, 4, 6, 7 and 9, and seliciclib, which inhibits CDK1, 2, 5, 7 and 9, have entered clinical trials and been assessed for various types of tumors. However, these drugs showed limited clinical activities. It is because many CDK proteins are critical for the function of normal tissues, and the nonselectivity of these compounds likely limits their ability to discern cancer cells from normal cells, resulting in a narrow therapeutic window and associated toxicities, including fatigue, diarrhea, nausea and hyperglycemia.

More recent efforts have focused on developing selective CDK inhibitors, including CDK4/6, CDK2/4/6 and CDK7 inhibitors. CDK4/6, CDK2/4/6, and CDK7 are all selective CDKs, but they have different roles and functions in the cell cycle. The CDK4/6 inhibitor, the pioneer approved in 2015, remains the sole CDK inhibitor authorized for marketing in the world. Nevertheless, patients receiving CDK4/6 inhibitor treatment will eventually develop progressive disease due to intrinsic or acquired drug resistance. It has been found that when CDK4/6 activity is inhibited, tumor cells can leverage CDK2-CDK2 Cyclin E activation as a complementary compensatory pathway to facilitate the proliferation of tumor cells. To combat resistance stemming from CDK4/6 inhibitors, one of the ongoing development efforts focuses on the CDK2/4/6 inhibitor to address this challenge. In addition, efforts are also made to explore CDKs' role in regulating DNA transcription. The recently developed, highly specific inhibitors of CDK7 have been instrumental in revealing the potential of CDK7 as a cancer drug target. Studies in mice showed that CDK7 inhibitors are well tolerated and effective at reducing tumor growth *in vivo*, making CDK7 inhibitors promising candidates for cancer treatment.

As of the Latest Practicable Date, there were five CDK inhibitors approved and marketed globally, namely, palbociclib, abemaciclib, dalpiciclib, trilaciclib and ribociclib, all of which targeted CDK4/6, with the main therapeutic areas focusing on solid tumors such as breast cancer. The global CDK4/6 inhibitors market has grown from US$3.2 billion in 2017 to US$10.7 billion in 2023 at a CAGR of 22.2%. With an increasing number of CDK4/6 inhibitors coming to market, the market size will continue to expand in the future, and the global CDK4/6 inhibitors market is expected to reach approximately US$16.1 billion and US$26.2 billion in 2027 and 2033, respectively, with a CAGR of 10.6% from 2023 to 2027 and a CAGR of 8.5% from 2027 to 2033.

Competitive Landscape of CDK Inhibitors Globally and in China

As of the Latest Practicable Date, there were four CDK inhibitors approved by the FDA. All of them are CDK4/6 inhibitors.

CDK Inhibitors Approved by the FDA

Drug Name	Brand Name	Company	Indications	Target	FDA Approval Date	Global Sales 2023 (billion USD)
Palbociclib	Ibrance	Pfizer	HR+/HER2- Locally Advanced or Metastatic Breast Cancer	CDK4/6	2015/02	4.75
Ribociclib	Kisqali	Novartis	HR+/HER2- Locally Advanced or Metastatic Breast Cancer	CDK4/6	2017/03	2.08
Abemaciclib	Verzenio	ELI LILLY	HR+/HER2- Locally Advanced or Metastatic Breast Cancer	CDK4/6	2017/09	3.86
Trilaciclib	Cosela	G1 Therapeutics/ Simcere	Reduction in the incidence of chemotherapy-induced myelosuppression in adult patients prior to the use of platinum/ etoposide-containing regimens or topotecan-containing regimens Extensive-stage small cell lung cancer	CDK4/6	2021/02	0.05

Source: FDA, Frost & Sullivan Analysis

Below are the ongoing clinical trials for these approved drugs.

Drug Name/Code	Company	Indications	Target	Clinical Stage	First Posted Date
Palbociclib	Pfizer	HPV-unrelated Head and Neck Squamous Cell Carcinoma	CDK4/6	III	2021-07-19
		Prostate Cancer	CDK4/6	II	2016-09-19
		Oligodendroglioma	CDK4/6	II	2015-08-18
		Metastatic Pancreatic Ductal Adenocarcinoma	CDK4/6	I	2015-07-14
		Hepatocellular Carcinoma	CDK4/6	II	2011-05-19
		Refractory Multiple Myeloma	CDK4/6	II	2007-11-08
Abemaciclib	Eli Lilly	Glioma	CDK4/6	II	2024-05-14
		Metastatic Castration-Resistant Prostate Cancer	CDK4/6	I	2023-08-21
		Meningioma	CDK4/6	II	2023-07-11
		Advanced Dedifferentiated Liposarcoma	CDK4/6	III	2021-07-08
		Endometrial Cancer	CDK4/6	II	2020-05-19
		Advanced Digestive System Neuroendocrine Neoplasm	CDK4/6	II	2019-03-27
		Bladder Cancer	CDK4/6	I	2019-02-12
		Recurrent Glioblastoma	CDK4/6	II	2016-12-05
		Pancreatic Ductal Adenocarcinoma	CDK4/6	II	2016-12-05
		Non Small Cell Lung Cancer	CDK4/6	III	2014-06-02
Ribociclib	Novartis	Diffuse Intrinsic Pontine Glioma	CDK4/6	II	2023-05-06
		(Castration-Resistant Prostate Cancer) CRPC	CDK4/6	I/II	2015-07-10
		Neuroendocrine Neoplasm	CDK4/6	II	2015-04-15
Trilaciclib	G1 Therapeutics, Inc.	Triple Negative Breast Cancer	CDK4/6	II	2021-11-09
		Extensive-Stage Small Cell Lung Cancer	CDK4/6	III	2021-05-26
		Locally Advanced or Metastatic Urothelial Carcinoma	CDK4/6	II	2021-05-14

Source: clinicaltrials.gov, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were five innovative CDK4/6 inhibitors approved for marketing in China.

CDK Inhibitors Approved by the NMPA

Drug Name/ Code	Brand Name	Company	Indications	Target	Approval Date	Covered by NRDL	End User Price (per box)	Treatment Cost (RMB/month)
Palbociclib	IBRANCE	Pfizer	HR+/HER2- Breast Cancer	CDK4/6	2018/07	Yes	4,275.6	5,700.8
Abemaciclib	Verzenios	ELI LILLY	HR+/HER2- Breast Cancer	CDK4/6	2020/12	Yes	977.06	3,910.4
Dalpiciclib	AiRuiKang	Hengrui Pharmaceuticals	HR+/HER2- Breast Cancer	CDK4/6	2021/12	Yes	4,305	5,749.0
Trilaciclib	Cosela	Simcere/G1 Therapeutics	Prevention of chemotherapy-induced myelosuppression in patients with small cell lung cancer	CDK4/6	2022/07	No	5,980	8,542.9
Ribociclib	Kisqali	Novartis	HR+/HER2- Breast Cancer	CDK4/6	2023/01	Yes	4,466.7	5,955.6

Source: NMPA, Frost & Sullivan Analysis

Below are the ongoing clinical trials for these approved drugs.

Drug Name/Code	Company	Indications	Target	Clinical Stage	First Posted Date
Abemaciclib	Eli Lilly and Company	Castration-Resistant Prostate Cancer (CRPC)	CDK4/6	III	2022-07-11
		Non Small Cell Lung Cancer (NSCLC)	CDK4/6	III	2016-06-12
Dalpiciclib	Jiangsu Hengrui Medicine Co., Ltd.	(metastatic hormone-sensitive prostate cancer) mHSPC	CDK4/6	III	2023-09-18
		melanoma	CDK4/6	I	2016-02-29
Trilaciclib	G1 Therapeutics/ Patheon Inc	Triple Negative Breast Cancer	CDK4/6	III	2021-09-28

Source: NMPA, Frost & Sullivan Analysis

In addition to these innovative CDK4/6 inhibitors, as of the Latest Practicable Date, there were 14 generic CDK4/6 inhibitors approved by NMPA, and all of them were palbociclib.

As of the Latest Practicable Date, there were 33 CDK inhibitor candidates under clinical development globally, among which the most clinically advanced candidates were CDK4/6 inhibitors in the Phase III clinical stage, and all CDK2/4/6 inhibitor candidates were in Phase I clinical trials. Among the 33 CDK inhibitor candidates, there were seven candidates selectively targeting CDK7, with the most clinically advanced candidate in the Phase II stage.

As of the Latest Practicable Date, there were 26 CDK inhibitor candidates under development in China. TY-302 was the only CDK4/6 inhibitor indicated for prostate cancer. In addition, TY-2699a and TY-0540 were the most clinically advanced CDK7 inhibitor and CDK2/4/6 inhibitor, respectively.

We stand out as the only company developing multiple candidates targeting different members within the CDK family. The below tables set forth the competitive landscape of clinical-stage CDK4/6 inhibitors, CDK2/4/6 inhibitors and CDK7 inhibitors:

Competitive Landscape of CDK4/6 Inhibitor Pipeline

Drug Name/Code	Company	Indications	Target	Clinical Stage	First Posted Date	Location
Lerociclib	Genor Biopharma	HR+/HER2- Breast Cancer	CDK4/6	III	2023-05-09	China
TQB3616	Chia Tai Tianqing Pharmaceutical	Breast Cancer	CDK4/6	III	2023-03-22	China
BPI-16350	Betta Pharmaceuticals	HR+/HER2- Advanced/ Metastatic Breast Cancer HR+/HER2-	CDK4/6	III	2022-06-27	China
XZP-3287	Xuanzhu Biopharmaceutical	Recurrent/Metastatic Breast Cancer	CDK4/6	III	2022-02-16	China
SPH4336	Shanghai Pharmaceuticals	HR+/HER2- Breast Cancer	CDK4/6	II	2023-05-24	China
GLR2007	Gan & Lee Pharmaceuticals	NSCLC, Glioblastoma Multiforme	CDK4/6	I/II	2020-06-19	U.S.
BPI-1178	Beta Pharma, Inc.	Advanced Solid Tumor, HR+/HER2- Breast Cancer	CDK4/6	I/II	2020-02-24	China
SPH6516	Shanghai Pharmaceuticals Holding	Advanced Solid Tumor	CDK4/6	I	2024-02-20	China
BEBT-209	BeBetter Med	HR+/HER2- Breast Cancer	CDK4/6	I	2023-09-07	China
PRT3645	Prelude Therapeutics	Breast Cancer	CDK4/6	I	2022-09-14	U.S./Singapore
UCT-03-008	1200 Pharma	Advanced Solid Tumor	CDK4/6	I	2021-11-02	U.S.
TY-302	**TYK Medicines, Inc**	**Breast Cancer, Prostate Cancer, Solid Tumor**	**CDK4/6**	**I**	**2020-06-09**	**China**

Source: clinicaltrials.gov, Frost & Sullivan Analysis

Competitive Landscape of CDK7 Inhibitor Pipeline

Drug Name/Code	Company	Indications	Target	Clinical Stage	First Posted Date	Country/ region
Samuraciclib	Carrick Therapeutics/Pfizer	HR+/HER2- Breast Cancer	CDK7	II	2023-07-27	U.S./Spain/Turkey
GTAEXS-617	GT Apeiron Therapeutics Shanghai Yiteng	Advanced Solid Tumor	CDK7	I/II	2023-08-14	Belgium/UK
EOC237	Jingang Bio-pharmaceutical Technology	Advanced Solid Tumor	CDK7	I	2023-06-09	China
TY-2699a	**TYK Medicines, Inc**	**Solid Tumor**	**CDK7**	**I**	**2023-05-19**	**China**
Q901	Qurient /Merck Sharp & Dohme	Solid Tumors	CDK7	I	2022-05-27	U.S./South Korea
XL102	Exelixis	Neoplasm Malignant, Epithelial Ovarian Cancer, HR+ Breast Cancer, TNBC, Metastatic Castration-resistant Prostate Cancer	CDK7	I	2021-01-27	U.S.
SY 5609	Syros Pharmaceuticals	Advanced Solid Tumor, Breast Cancer, SCLC, Pancreatic Cancer	CDK7	I	2020-01-22	U.S.

Source: clinicaltrials.gov, Frost & Sullivan Analysis

Competitive Landscape of CDK2/4/6 Inhibitor Pipeline

Drug Name/Code	Company	Indications	Target	Clinical Stage	First Posted Date	Country/ region
TY-0540	**TYK Medicines, Inc**	**Advanced solid tumors**	**CDK2/4/6**	**I**	**2024-02-07**	**China**
SYH2043	CSPC Ouyi Pharmaceutical	Advanced Malignant Tumors	CDK2/4/6	I	2023-01-27	China
RGT-419B	Regor Therapeutics	HR+/HER2- Breast Cancer	CDK2/4/6	I	2022-03-31	U.S.

Source: clinicaltrials.gov, Frost & Sullivan Analysis

Future Trend of CDK Inhibitor Market

- *Overcoming drug resistance*. The main mechanisms of CDK4/6 inhibitor resistance include aberrant activation of upstream oncogenic signals and alterations in key cell cycle regulators. Cell cycle protein E1, encoded by the CCNE1 gene, activates CDK2 and promotes cell cycle progression. High expression of cell cycle protein E1 not only predicts poor prognosis in breast cancer patients, but also promotes resistance to endocrine therapy and CDK4/6 inhibitors. Previous studies have shown that the cell cycle protein E1 protein may play a key role in CDK4/6 inhibitor resistance, and direct targeting of the cell cycle protein E1 protein may be an effective way to overcome drug resistance. Meanwhile, CDK2 and CDK4 are both involved in initiating DNA replication and mitosis during the G1 and S phases of the cell cycle. CDK2, in particular, is considered an attractive target because it plays diverse roles in cell cycle regulation and may involve different signaling pathways compared to CDK4/6. Studies have indicated that the activation of MYC and CDK2 may serve as a compensatory resistance mechanism. This means that when CDK4/6 inhibitors block the proliferative pathways of cancer cells, these cells might maintain their proliferative capacity by activating CDK2. Therefore, the development of drugs that can simultaneously inhibit CDK2 and CDK4/6 may help overcome this resistance. Overall, research and drug development targeting CDK2 and CDK4 are important strategies for overcoming CDK4/6 drug resistance.

- *The development of selective CDK inhibitors is promising*. CDK has a wide range of physiological activities and has broad application prospects in the treatment of breast, pancreatic, prostate, ovarian, and small cell lung cancers. With the continuous advancement of technology, CDK inhibitor research has made some progress, but there are still major technical challenges in terms of subtype selectivity, combination therapy development, and multi-target inhibitor development. Pan-CDK inhibitors have problems such as low specificity. Compared with pan-CDK inhibitors, selective CDK inhibitors have higher safety and specificity, and the future development prospect is more promising.

- *Expansion of Indications.* In the future, indications for CDK4/6 inhibitors in cancer treatment may not be limited to breast cancer. Currently, the state of research and clinical pipeline shows effects of CDK4/6 inhibitors in the treatment of other cancers, including recurrent/metastatic ovarian cancer, K-RAS mutated NSCLC, extensive-stage SCLC, prostate cancer, hematoma and other advanced solid tumors. Although currently most of these studies have been in early development stage, more progress and breakthroughs can be achieved in the field of CDK4/6 inhibitor research by companies, benefiting more cancer patients in the future. Specifically, CDK4 and CDK6 are critical mediators of cellular transition into S phase and are important for the initiation, growth and survival of many cancer types. The effects of CDK4/6 inhibition are far more wide-reaching. New insights into their mechanisms of action have triggered identification of new therapeutic opportunities, including the development of novel combination regimens, expanded application to a broader range of cancers and use as supportive care to ameliorate the toxic effects of other therapies.

- *CDK4/6 inhibitors combined with endocrine therapy will further optimize antitumor regimens.* Combined endocrine therapies are effective in antitumor treatment and are a trend for future clinical trials. CDK4/6 inhibitors have made great progress so far, especially for patients with hormone receptor positive advanced breast cancer. Also considering that endocrine therapy is an effective treatment with fewer and more reversible side effects, CDK4/6 in combination with endocrine therapy may yield improved safety and efficacy profile. Furthermore, it is likely that the direction of future drug development will broaden even more, combining antitumor therapies to develop even better oncological solutions. In the meantime, research is also actively seeking to identify biomarkers other than the estrogen receptor that are suggestive of the efficacy of CDK4/6 inhibitors to help achieve individualized precision.

- *Optimization of prostate cancer regimens.* Abiraterone serves as an endocrine therapeutic agent by blocking androgen synthesis. Despite its intended efficacy, an increasing number of both preclinical and clinical studies have uncovered frequent dysregulation and resistance within the signaling pathway in prostate cancer after abiraterone treatment. Consequently, there is an urgent demand for novel therapeutic alternatives in the clinical setting to overcome the challenges associated with the development of resistance during abiraterone treatment. Research findings have shown that CDK4/6 inhibitors effectively restrain tumor growth and can reverse drug resistance in preclinical models, including prostate cancer. The combination of CDK inhibitors with abiraterone is believed to hold significant potential for synergistic antitumor efficacy in the context of prostate cancer.

ROS1/NTRK-TKI MARKET

Overview

The ROS1 protein consists of three parts: the intracellular kinase domain, the transmembrane domain, and the extracellular domain. The extracellular domain of the ROS1 protein binds to specific ligands, activating the intracellular kinase domain through the transmembrane domain. Activation of ROS1 leads to autophosphorylation of specific tyrosine residues within the cell, serving as docking sites for various adapter proteins. If the ROS1 gene undergoes oncogenic mutations, it activates downstream signaling pathways, causing excessive cell growth and proliferation, driving tumor development. ROS1 inhibitors can suppress the activation of the ROS1 tyrosine kinase domain, thereby inhibiting downstream signaling pathways and exerting antitumor effects.

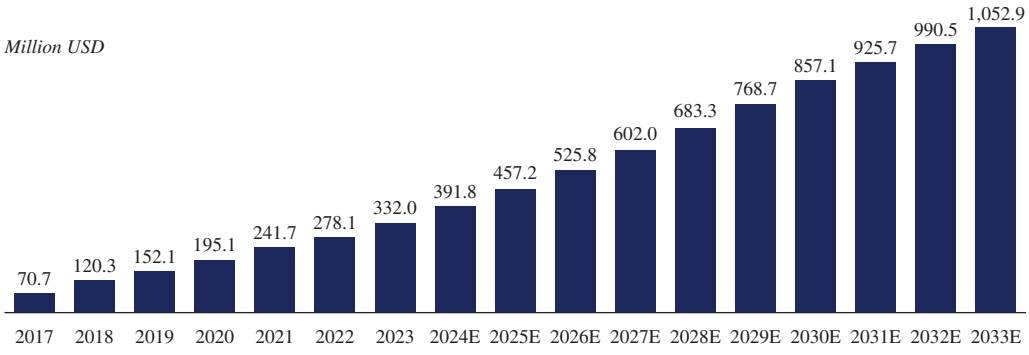
TRK protein is a neurotrophic receptor kinase, belonging to the tyrosine kinase family. The TRK family comprises three highly homologous proteins, which are TRKA, TRKB and TRKC. They are encoded by the NTRK1, NTRK2 and NTRK3 genes, respectively. TRK proteins are associated with cellular processes such as proliferation, differentiation, metabolism, and apoptosis. Due to gene fusion in NTRK, the extracellular domain of the TRK protein is lost, making it challenging for monoclonal antibodies to bind to the extracellular domain of the TRK protein. Therefore, small molecule NTRK-TKIs have a distinct advantage in clinical applications.

In China, ROS1 mutation accounts for approximately 1.5% of all NSCLC patients, while NTRK mutation accounts for approximately 1.0% of all NSCLC patients. From 2017 to 2023, the number of new cases of NSCLC with ROS1 or NTRK mutation worldwide increased from 36.8 thousand to 43.3 thousand, representing a CAGR of 2.7%. It is estimated that the number of new patients of NSCLC with ROS1 or NTRK mutation worldwide will reach 56.2 thousand in 2033. From 2017 to 2023, the number of new cases of NSCLC with ROS1 or NTRK mutation in China increased from 17.9 thousand to 21.6 thousand, representing a CAGR of 3.2%. It is estimated that the number of new cases of NSCLC with ROS1 or NTRK mutation in China will reach 28.3 thousand in 2033.

The global ROS1/NTRK-TKI market grew from US$70.7 million in 2017 to US$332.0 million in 2023, reflecting a CAGR of 29.4%. The global ROS1/NTRK-TKI market is forecasted to reach US$602.0 million in 2027 and ultimately to US$1,052.9 million in 2033, representing a CAGR of 16.0% from 2023 to 2027 and a CAGR of 9.8% from 2027 to 2033. The ROS1/NTRK-TKI market in China has developed at a faster pace, increasing from RMB15.7 million in 2017 to RMB252.6 million in 2023, demonstrating a CAGR of 58.8%. The ROS1/NTRK-TKI market in China is projected to further grow to RMB514.2 million in 2027 and RMB860.5 million in 2033, with a CAGR of 19.4% from 2022 to 2027 and a CAGR of 9.0% from 2027 to 2033.

Global ROS1/NTRK-TKI Market, 2017-2033E

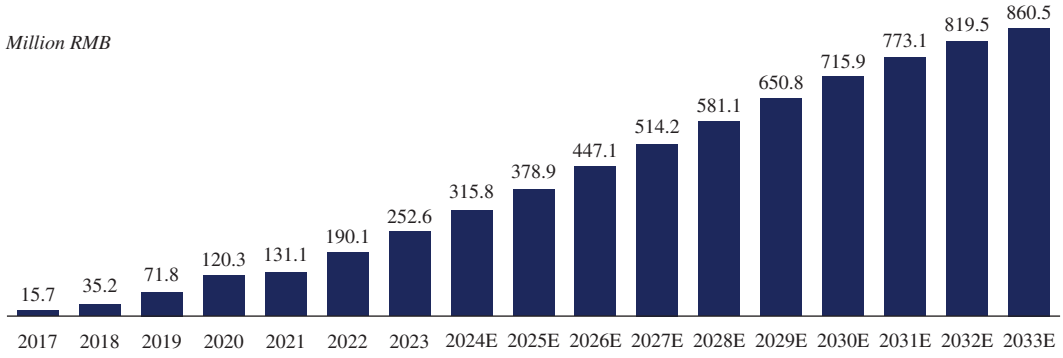
Period	CAGR
2017-2023	29.4%
2023-2027E	16.0%
2027E-2033E	9.8%



Source: Frost & Sullivan Analysis

ROS1/NTRK-TKI Market in China, 2017-2033E

Period	CAGR
2017-2023	58.8%
2023-2027E	19.4%
2027E-2033E	9.0%



Source: Frost & Sullivan Analysis

Competitive Landscape of ROS1/NTRK-TKIs

As of the Latest Practicable Date, four ROS1/NTRK-TKIs had secured approval from the FDA, including entrectinib by Roche, crizotinib by Pfizer, repotrectinib by BMS, and larotrectinib by Bayer, and there were five ROS1/NTRK-TKIs that secured approval from the NMPA. Entrectinib targets NTRK, ROS1 and ALK, indicated for NSCLC and NTRK-positive solid tumors. Crizotinib targets ALK, MET and ROS1, approved for ALK-positive or ROS1-positive metastatic NSCLC, ALK-positive systemic anaplastic large cell lymphoma, and ALK-positive unresectable inflammatory myofibroblast tumor. Repotrectinib targets NTRK, ROS1, ALK, JAK2, SRC and FAK, approved for locally advanced or metastatic ROS1-positive NSCLC. Larotrectinib exclusively targets NTRK, indicated for NTRK-positive solid tumors. Publicly available data showed that crizotinib recorded global sales of US$374 million in 2023.

ROS1/NTRK-TKIs Approved by the FDA

Drug Name	Brand Name	Target	Company	Indications	Approval Date	Global Sales 2023 (million USD)
Entrectinib	Rozlytrek	NTRK, ROS1, ALK	Roche	ROS1-positive NSCLC, NTRK-positive Solid Tumors	2019-08-15	95.8
Crizotinib	Xalkori	ALK, MET, ROS1	Pfizer	ALK-positive locally advanced or metastatic NSCLC	2011-08-26	374
				ROS1-positive metastatic NSCLC	2016-03-11	
				ALK-positive systemic ALCL	2021-01-14	
				ALK-positive unresectable IMT	2022-07-14	
Larotrectinib	Vitrakvi	NTRK	Bayer	NTRK-positive solid tumor	2018-11-26	NA
Repotrectinib	Augtyro	NTRK, ROS1, ALK, JAK2, SRC, FAK	BMS	locally advanced or metastatic ROS1-positive NSCLC	2023-11-15	NA

Abbreviations: ALCL = anaplastic large cell lymphoma; IMT = inflammatory myofibroblastic tumor.

Note: Approval date refers to the first approval date.

Source: FDA, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were five innovative ROS1/NTRK-TKIs approved by the NMPA. No generic drugs of entrectinib and larotrectinib have been approved in China. One generic drug of crizotinib gained approval from NMPA in November 2023.

ROS1/NTRK-TKIs Approved by the NMPA

Drug Name	Brand Name	Target	Company	Approved Indications	Approval Date*	Covered by NRDL	End User Price (RMB/box)	Treatment Cost (RMB/month)
Entrectinib	Rozlytrek	NTRK, ROS1, ALK	Roche	ROS1-positive NSCLC; NTRK-positive solid tumor	2022-7-26	YES**	~15,120	~15,120
Crizotinib	Xalkori	ALK, MET, ROS1	Pfizer	ALK-positive locally advanced or metastatic NSCLC; Advanced ROS1-positive NSCLC	2013-1-22	YES	~10,296	~10,296
Larotrectinib	Vitrakvi	NTRK	Bayer	NTRK-positive solid tumor	2022-4-08	NO	~62,600	~65,000
Repotrectinib	Augtyro	NTRK, ROS1, ALK, JAK2, SRC, FAK	BMS	locally advanced or metastatic ROS1-positive NSCLC	2024-5-8	NO	NA	NA
Unecritinib	安柏尼	ALK, MET, ROS1	Chiatai Tianqing Pharmaceutical Group	ROS1-positive locally advanced or metastatic NSCLC	2024-4-24	NO	NA	NA

Notes:

*: Approval date refers to the first approval date;

**: Entrectinib was added in NRDL for the first time on January 1, 2024.

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 30 ROS1/NTRK-TKI candidates under development globally. Among them, there were four candidates that simultaneously target both ROS1 and NTRK with the most clinically advanced candidate in the Phase II clinical stage.

Drug Name/ Code	Target	Company	Clinical Stage	Indications	First Posted Date
Taletrectinib	NTRK/ROS1	AnHeart Therapeutics Inc.	II	NSCLC	2021-06-09
XZP-5955	NTRK/ROS1	Xuanzhu Biopharmaceutical Co., Ltd.	I/II	Locally Advanced/Metastatic Solid Tumor/NSCLC	2021-08-09
TY-2136b	**NTRK/ROS1**	**TYK Medicines, Inc**	**I**	**Locally Advanced/Metastatic Solid Tumor**	**2023-03-15**
SIM1803-1A	NTRK/ROS1/ ALK	Jiangsu Simcere Pharmaceutical Co., Ltd.	I	Advanced/Metastatic Solid Tumors With NTRK, ROS1 or ALK Gene Fusion	2020-12-17

Source: clinicaltrials.gov, Frost & Sullivan Analysis

RET INHIBITOR DRUGS MARKET

Overview

RET is a proto-oncogene responsible for encoding RET transmembrane proteins and is a receptor tyrosine kinase. Transmembrane proteins are divided into three parts: one end of the protein is located outside the cell, one part is located in the cell membrane, and the other end is located inside the cell. When RET protein binds to GDNF, it causes phosphorylation of RET protein receptors and activates RET. The activated RET will phosphorylate its substrate, causing activation of downstream signaling pathways. The signal pathways involved in RET protein mainly include the PI3K-AKT-mTOR pathway and the RAS-RAF-MEK-ERK pathway. The PI3K-AKT-mTOR pathway is involved in cell survival, while the RAS-RAF-MEK-ERK pathway is involved in cell proliferation. Therefore, RET protein plays a certain role in cell survival, migration, and proliferation.

If there are fusion, point mutations, and other cancer promoting mutations, the RET protein will undergo abnormal over activation independent of ligands. For example, when RET fusion occurs, although the extracellular domain of the RET gene is lost, companion genes such as KIF5B and CCDC6 often carry a coiled helical domain, which induces homologous dimerization in new proteins, thereby enabling the RET kinase domain to continuously activate cancer promotion without relying on ligands. Small molecule RET-TKIs are effective treatments for cancers harboring RET mutations.

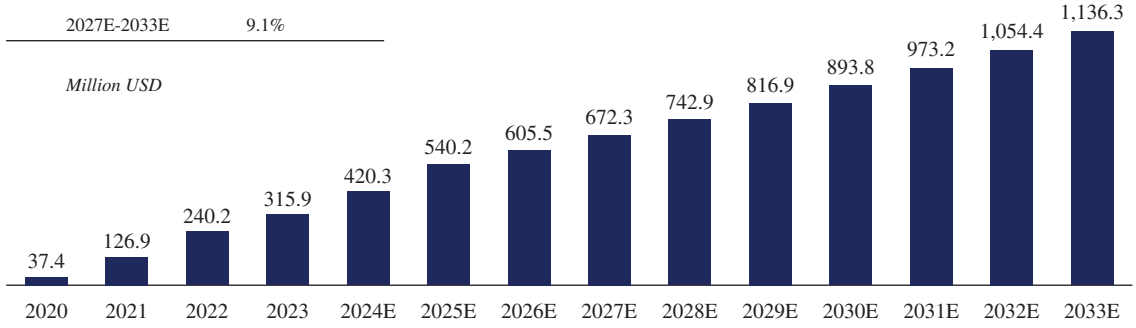
RET fusion can occur in common tumors such as NSCLC and thyroid cancer. In China, the prevalence of RET fusion in NSCLC is approximately 2%, while in MTC, RET fusion is significantly more prevalent, accounting for 70% of cases. MTC itself represents 5% to 12% of all thyroid cancer cases.

From 2017 to 2023, the number of new cases of NSCLC and thyroid cancer with RET mutation worldwide increased from 63.9 thousand to 72.9 thousand, representing a CAGR of 2.2%. It is estimated that the number of new patients of NSCLC and thyroid cancer with RET mutation worldwide will reach 89.7 thousand in 2033. From 2017 to 2023, the number of new cases of NSCLC and thyroid cancer with RET mutation in China increased from 24.4 thousand to 28.8 thousand, representing a CAGR of 2.8%. It is estimated that the number of new patients of NSCLC and thyroid cancer with RET mutation in China will reach 36.9 thousand in 2033.

The global RET-TKI market has undergone robust growth, rising from US$37.4 million in 2020 to US$315.9 million in 2023, representing a CAGR of 103.7%. It is projected to reach US$672.3 million in 2027, with a CAGR of 20.8% from 2023 to 2027, and further climb to US$1,136.3 million in 2033 at a CAGR of 9.1% from 2027 to 2033. The RET-TKI market in China is expected to increase from RMB48.5 million in 2021 to RMB675.4 million in 2027 and further to RMB1,213.5 million in 2033, with a CAGR of 55.1% from 2021 to 2027 and a CAGR of 10.3% from 2027 to 2033.

Global RET-TKI Market, 2020-2033E

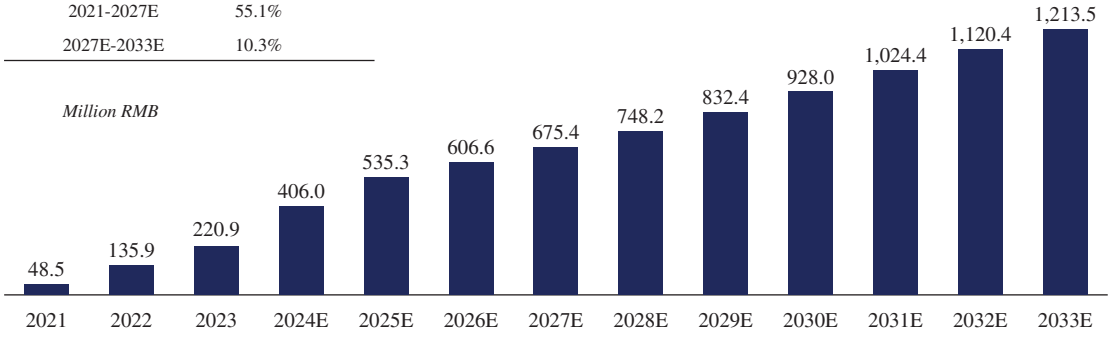
Period	CAGR
2020-2023	103.7%
2023-2027E	20.8%
2027E-2033E	9.1%



Source: Frost & Sullivan Analysis

RET-TKI Market in China, 2021-2033E

Period	CAGR
2021-2027E	55.1%
2027E-2033E	10.3%



Source: Frost & Sullivan Analysis

Competitive Landscape of RET-TKIs

As of the Latest Practicable Date, there were two RET-TKIs, namely, pralsetinib (Gavreto) by Blueprint & Roche and selpercatinib (Retevmo) by Eli Lilly, that received marketing approval from the FDA and the NMPA. According to the public record, selpercatinib, approved in 2020, targets RET fusion-positive NSCLC and advanced/metastatic RET mutant medullary thyroid cancer, and advanced/metastatic RET fusion-positive thyroid cancer patients who require systemic therapy and who are radioactive iodine-refractory, recording global sales of US$253.6 million in 2023.

As of the Latest Practicable Date, there were 14 RET-TKI candidates under development globally, and 7 RET-TKI candidates under development in China, mainly used to treat NSCLC.

Competitive Landscape of Global RET-TKI Pipeline

Drug Name/Code	Target	Company	Clinical Stage	Indications	First Posted Date
SY-5007	RET	Shouyao Holdings (Beijing) Co., LTD.	III	locally advanced or metastatic RET-positive NSCLC	2023/9/11
			I/II	NSCLC, MTC, Solid Tumor	2022/3/14
BOS-589	RET	Boston Pharmaceuticals	II	Diarrhea-predominant Irritable Bowel Syndrome	2019/6/6
			I	Advanced Nonhaematologic Malignancies	2018/12/19
TY-1091	**RET**	**TYK Medicines, Inc**	**I/II**	**RET-altered NSCLC, MTC, RET-altered Papillary Thyroid Cancer, Neoplasms**	**2023/1/9**
HEC169096	RET	Sunshine Lake Pharma Co., Ltd.	I/II	Advanced Solid Tumor	2022/7/11
EP0031	RET	Ellipses Pharma	I/II	Advanced Solid Tumor	2022/7/5
KL590586	RET	Sichuan Kelun Pharmaceutical Research Institute Co., Ltd.	I/II	Advanced Solid Tumor	2022/3/3
HS-10365	RET	Jiangsu Hansoh Pharmaceutical Co., Ltd.	II	NSCLC	2023/11/27
TASD0953/HM06	RET	Helsinn Healthcare SA	I/II	RET-altered NSCLC, RET-altered Solid Tumors	2020/12/24
FHND5071	RET	Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd.	I	Advanced Solid Tumor	2023/4/19
APS03118	RET	Applied Pharmaceutical Science, Inc.	I	RET-altered Solid Tumors	2022/12/16
LOXO-260	RET	Eli Lilly and Company	I	Carcinoma, NSCLC, Thyroid Neoplasms	2022/12/16
HS269	RET	Zhejiang Hisun Pharmaceutical Co. Ltd.	I	Advanced Solid Tumor	2021/9/27
GSK3352589	RET	GlaxoSmithKline	I	Irritable Bowel Syndrome	2017/5/15
GSK3179106	RET	GlaxoSmithKline	I	Irritable Bowel Syndrome	2016/6/14

Source: clinicaltrials.gov, Frost & Sullivan Analysis

Competitive Landscape of RET-TKI Pipeline in China

Drug Name/Code	Target	Company	Clinical Stage	Indications	First Posted Date
SY-5007	RET	ShouYao Holdings (Beijing) Co., LTD.	III	NSCLC	2023-07-05
HS-10365	RET	Jiangsu Hansoh Pharmaceutical Co., Ltd.	II	NSCLC with RET fusion	2023-08-02
			I	NSCLC, Thyroid Cancer	2023-06-12
			I	Locally advanced or metastatic solid tumor	2023-09-11
TY-1091	**RET**	**TYK Medicines, Inc**	**I/II**	**NSCLC**	**2022-12-23**
APS03118	RET	Beijing Applied Pharmaceutical Science Co., Ltd.	I	Locally advanced or metastatic solid tumors	2022-09-27
FHND5071	RET	Jiangsu Chia Tai Fenghai Pharmaceutical Co. Ltd.	I	Advanced tumor with RET mutations	2022-08-31
KL590586	RET	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.	I	NSCLC with RET fusion, Advanced solid tumor	2023-09-07
HS269	RET	Zhejiang Hisun Pharmaceutical Co. Ltd.	I	Advanced solid tumor	2021-10-13

Source: CDE, Frost & Sullivan Analysis

YAP-TEAD INHIBITOR DRUGS MARKET

Overview

The YAP, also known as YAP1 or YAP65, is a transcription coregulator protein as a component in the Hippo signaling pathway. The Hippo pathway is an important organ size control signaling network and the major regulatory mechanism of cell contact inhibition. YAP and TAZ are its targets and terminal effectors: inhibition of the pathway promotes YAP/TAZ translocation to the nucleus, where they interact with TEAD transcription factors and coactivate the expression of target genes, promoting cell proliferation.

As key effectors on the Hippo pathway, YAP molecules control cell growth and the size of the organs. The YAP/TAZ-TEAD complex cooperates and participates in the growth and proliferation of tumor cells in breast cancer, liver cancer, uveal melanoma and mesothelioma. It was also revealed that the expression of YAP/TAZ is a critical determinant in the early stages of base cell carcinoma and squamous cell carcinoma.

Currently, the main mechanisms of YAP-TEAD inhibitors include inhibitors of the YAP/TAZ-TEAD complex, inhibitors of YAP nuclear localization, and inhibitors of cell adhesion or cytoskeleton. The YAP/TAZ-TEAD complex, the last step of the Hippo pathway, emerges as the better candidate target for modulating the Hippo/YAP signaling due to the fewer possible potential side effects compared with upstream protein inhibitors.

Competitive Landscape of YAP-TEAD Inhibitors

As of the Latest Practicable Date, no YAP-TEAD inhibitor had obtained NDA approval indicated for cancer treatment. As of the same date, there were four YAP-TEAD inhibitor candidates under clinical development worldwide, and there was no YAP-TEAD inhibitor candidate under clinical development in China.

PROTAC DRUGS MARKET

A PROTAC is a novel technology based on the ubiquitin-proteasome system, utilizing small molecules to induce targeted protein degradation. The PROTAC molecule is a bifunctional compound consisting of three parts: the protein-of-interest binding moiety, a linker, and E3 ubiquitin ligase binding moiety. First reported in 2001, PROTAC has achieved significant breakthroughs since 2015. This technology has demonstrated unique advantages in diseases such as antitumor applications, making it one of the forefront technologies in the pharmaceutical industry's new drug development.

Over the past two decades, alongside the rapid development of traditional chemotherapy, kinase inhibitors have emerged as effective agents in cancer therapy. However, their utility is often hindered by the emergence of drug resistance and disease recurrence. Addressing this challenge, PROTACs have gained prominence by offering advantages in combating drug-resistant cancers through the degradation of entire target proteins. Unlike traditional small molecule inhibitors that predominantly affect enzymatic activity, PROTACs exert influence over both enzymatic and nonenzymatic activities by facilitating complete protein degradation. For instance, a highly effective FAK PROTAC demonstrated superior activity in cell migration and invasion compared to clinical candidate drugs.

MAJOR INDICATIONS

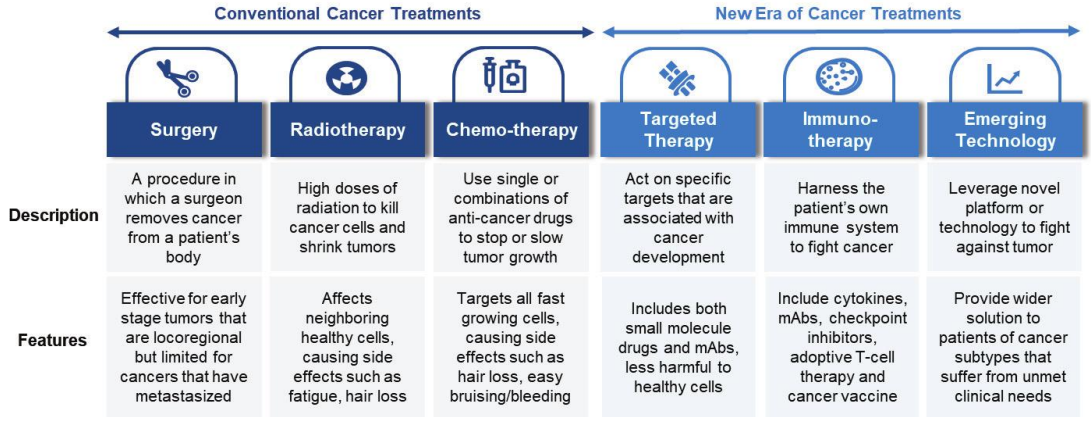
Cancer is the leading cause of death worldwide, accounting for nearly 10 million deaths in 2020. As the population ages, the effectiveness of cellular repair mechanisms decreases, consequently heightening the overall risk of cancer. The global cancer incidence increased from 17.2 million in 2016 to 20.7 million in 2023, representing a CAGR of 2.7%. In China, the number of new cancer cases increased from 4.1 million in 2016 to 4.9 million in 2023, representing a CAGR of 2.7%. It is estimated that the global cancer incidence will reach 24.5 million in 2030 and the number in China will reach 5.8 million in the same year.

In 2023, lung cancer was the most commonly diagnosed cancer with 2,396.0 thousand new cases globally, followed by breast cancer and colorectal cancer with 2,394.8 thousand and 2,035.1 thousand new cases, respectively. In 2023, the most commonly diagnosed cancer in China was lung cancer with 1,015.5 thousand new cases, followed by gastric cancer and colorectal cancer with 513.5 thousand and 497.0 thousand new cases, respectively.

The field of cancer treatment has developed significantly in the past century. Currently, for early stage patients, the primary treatments are surgery, radiotherapy and chemotherapy. Surgery is often recommended for eligible patients while radiotherapy and chemotherapy are often used for inoperable patients. For advanced stage patients, surgery is usually not considered due to spread of the tumor and potential metastasis. In addition to radiotherapy and chemotherapy, recommended treatments also include targeted therapy or immunotherapy. The treatments approved for different treatment lines vary depending on the cancer type. For example, for advanced NSCLC patients with driver genes such as EGFR mutations and ALK rearrangement, the first-line treatment is targeted therapy, and the second-line treatments include targeted therapy and chemotherapy, depending on the types of resistance mutations.

Development of targeted therapies, which target specific molecules, generally proteins, enzymes or a signaling pathway, or genetic changes that play a role in the spread of cancer, has embarked a new era of cancer treatment with enhanced specificity and efficacy. With a better understanding of cancer biology and advancement of modern technology, it is expected in the future, more edge-cutting technologies will be leveraged, bringing new treatment options to cancer patients.

The role of surgery and cell therapy for the management of different types of cancers



Source: Frost & Sullivan Analysis

NSCLC

Lung cancer is the most common malignant tumor in the world in terms of incidence and death rate. Based on pathologic and histomorphologic features, lung cancer can be classified as NSCLC and SCLC. NSCLC is any type of epithelial lung cancer other than SCLC. The most common types of NSCLC are adenocarcinoma (40%), squamous cell carcinoma (25%) and large cell carcinoma (10%). All types can occur in unusual histologic variants and develop as mixed cell type combinations. Symptoms of more advanced NSCLC cases include bone pain, headache, weakness and vomiting. Advanced NSCLC is stage IIIb to IV NSCLC. In stage IIIb, the cancer has spread to lymph nodes that are near the other lung or in the neck, and may also have grown into important structures in the chest. In stage IIIc, the cancer has spread to lymph nodes on the same side of the chest as the tumor or between the lung and the heart. It may have also grown into nearby large airways or other structures. In stage IV, which is the most advanced stage of NSCLC, the cancer has metastasized to distant parts of the body, such as the brain, liver, bones, or other organs. The all seer stage combined five-year survival rates of NSCLC can be 28%, with an extremely low five-year survival rate of 9% for advanced and metastatic NSCLC.

From 2017 to 2023, the number of new NSCLC cases worldwide increased from 1,731.0 thousand to 2,036.6 thousand. It is estimated that the number of new NSCLC patients worldwide will reach 2,640.4 thousand in 2033. In China, NSCLC has a large patient pool, with the number of new NSCLC cases increasing from 714.2 thousand in 2017 to 863.2 thousand in 2023, representing a CAGR of 3.2%. Since a large number of people are following unhealthy lifestyle including smoking, it is estimated that the number of new NSCLC cases will reach 970.9 thousand and 1,131.4 thousand in 2027 and 2033, respectively.

Among NSCLC patients, EGFR gene alteration represents the most frequent driver, with prevalence of 55.9% in adenocarcinoma and 5.2% in squamous cell carcinoma. From 2017 to 2023, the number of new NSCLC cases with EGFR mutation worldwide increased from 559.1 thousand to 657.8 thousand. It is estimated that the number will reach 852.8 thousand in 2033. In China, the number of new NSCLC cases with EGFR mutation in China increased from 358.5 thousand to 433.3 thousand from 2017 to 2023. It is estimated that the number will reach 487.4 thousand and 568.0 thousand in 2027 and 2033, respectively.

From 2017 to 2023, the number of new advanced or metastatic NSCLC patients with EGFR mutations in China increased from 167.1 thousand to 201.9 thousand, representing a CAGR of 3.2%. It is estimated that the number will reach 233.5 thousand in 2028 and further increase to 264.7 thousand in 2033, with a CAGR of 3.0% from 2023 to 2028 and a CAGR of 2.5% from 2028 to 2033. From 2017 to 2023, the number of new advanced or metastatic NSCLC patients with EGFR L858R mutation in China increased from 66.5 thousand to 80.4 thousand, representing a CAGR of 3.2%. It is estimated that the number will reach 92.9 thousand in 2028 and further increase to 105.3 thousand in 2033, with a CAGR of 3.0% from 2023 to 2028 and a CAGR of 2.5% from 2028 to 2033.

The last three columns of the table below set forth a summary of the targeted patient population of TY-9591 by indications:

Summary of Targeted Patient Population of TY-9591*

	Lung Cancer	NSCLC	NSCLC with EGFR Mutations	Advanced or Metastatic NSCLC with EGFR Mutations	Brain Metastases from NSCLC with EGFR Mutations	Advanced or Metastatic NSCLC with EGFR L858R Mutation
Patient Population (in 2023 in China)	1,015.5 thousand	863.2 thousand	433.3 thousand	201.9 thousand	112.9 thousand	80.4 thousand
Patient Percentage	100%	Approximately 85% of all lung cancer patients	Approximately 50.2% of all NSCLCs patients	Approximately 46.6% of all NSCLC patients with EGFR mutations***	Approximately 47.5% to 66.3% of all advanced or metastatic NSCLCs patients**	Approximately 39.8% of all advanced or metastatic NSCLC patients with EGFR mutations

Notes:

* For details of addressable market size and targeted patient population of TY-9591, see " — Major Indications — NSCLC" in this section.

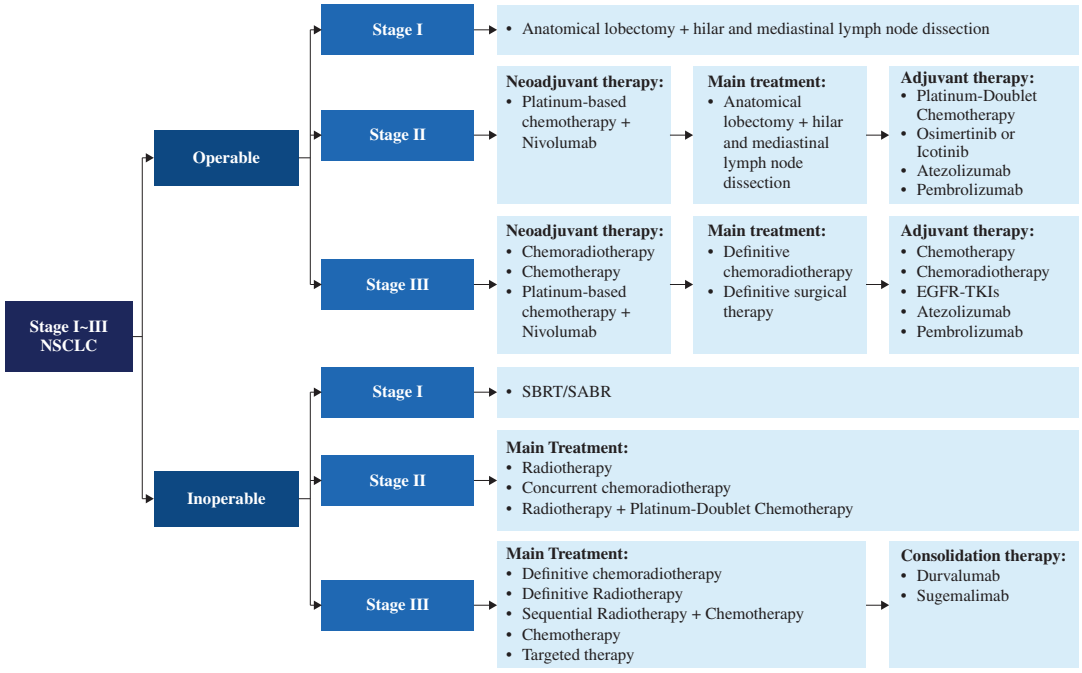
** According to Frost & Sullivan, specific data for brain metastases in NSCLC patients with EGFR mutations is not available. However, it is believed that percentage of NSCLC patients with brain metastases may also apply to brain metastases in NSCLC patients with EGFR mutations as there is no reliable evidence of a significant discrepancy.

*** According to the Treatment Guidelines for Stage IV Primary Lung Cancer in China (2023), about 46.6% of patients are diagnosed with stage IIIb to IV at the time of initial diagnosis. However, according to interviews with industry experts, approximately 50% are stage IV patients, as disclosed below. There is a gap between literature statistics and empirical data.

Source: Frost & Sullivan Analysis

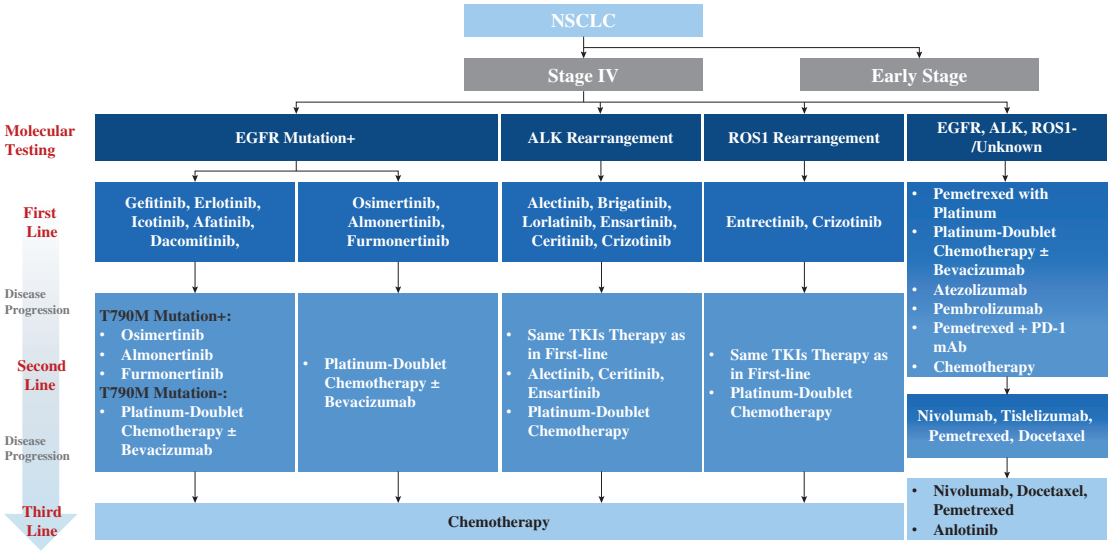
In NSCLC, except for the most localized cases, standard treatments often yield poor results. New treatment studies encompass all newly diagnosed NSCLC patients. The mandatory mutation tests for NSCLC patients in China include EGFR, ALK rearrangement/fusion, ROS1 rearrangement/fusion, and MET exon 14 jump mutation; optional mutation teats include MET amplification, HER2 exon 20 insertion, BRAF V600E mutation, RET rearrangement/fusion, KRAS exon 2 and 3 point mutation, NTRK rearrangement/fusion, tumor mutation load, and PD-L1. All testing costs are self-paid by the patients or otherwise covered by insurance in the private-pay market. Globally, American Society of Clinical Oncology ("**ASCO**"), European Society for Medical Oncology ("**ESMO**"), Chinese Society of Clinical Oncology ("**CSCO**") and other authorities and international organizations consider EGFR, ALK rearrangement, ROS1 rearrangement, BRAF V600E mutation and PD-L1 immunohistochemistry as mandatory mutation tests, and other recommended mutation tests include RET, MET exon 14, HER2, KRAS and NTRK. The cost of testing are self-paid by patients or otherwise covered by insurance in the private-pay market.

Empirically, approximately 20% of NSCLC patients are in stage I or II at the time of initial diagnosis, 30% in stage III, and the remaining approximately 50% are stage IV patients. In the statistics from the Treatment Guidelines for Stage IV Primary Lung Cancer in China (2023), about 46.6% of patients are diagnosed with stage IIIb to IV at the time of initial diagnosis. For patients diagnosed with stage I to III NSCLC, the primary treatment approach for operable individuals involves surgery, often complemented by chemotherapy, immune checkpoint inhibitors, or targeted therapy, depending on the patient's specific stage. In cases where surgery is not an option for inoperable patients with stage I to III NSCLC, treatment strategies may include radiotherapy, chemotherapy, targeted therapy, and other options selected based on the patient's stage of cancer. The treatment paradigm of stage I to III NSCLC in China is set forth below.



Source: CSCO, Frost & Sullivan Analysis

For Stage IV NSCLC with known gene alterations, including EGFR, ALK, ROS1 and NTRK, targeted therapy is the recommended first-line treatment. For patients diagnosed with EGFR-TKI resistance and with exon 20 T790M mutation, third-generation EGFR-TKIs are the recommended second-line treatment. For patients diagnosed with EGFR-TKI resistance and without T790M mutation, platinum-doublet chemotherapy and/or bevacizumab is the recommended second-line treatment. The treatment paradigm of Stage IV NSCLC is set forth below.



Source: CSCO NSCLC Treatment Guideline 2023, Frost & Sullivan Analysis

Brain Metastases From Lung Cancer

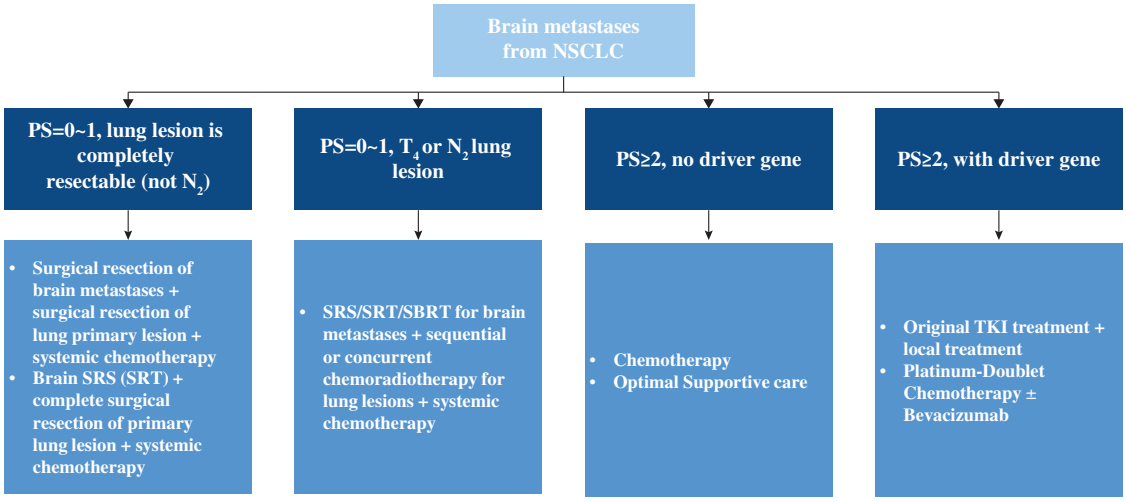
Brain metastases occur when cancer cells spread from their original site to the brain. Any cancer can spread to the brain, but the types most likely to cause brain metastases are cancers of lung, breast, colon, kidney and melanoma. Brain metastases may form one tumor or many tumors in the brain. As the metastatic brain tumors grow, they create pressure on and change the function of surrounding brain tissue. This causes signs and symptoms, such as headache, personality changes, memory loss and seizures.

Brain metastases, prevalent in a high percentage of advanced NSCLC cases, pose a grave prognosis with a brief average survival period. The incidence of brain metastases in patients with advanced NSCLC can be nearly 25% at diagnosis, approximately 30% to 55% of NSCLC patients develop brain metastases during treatment, and the incidence of brain metastases increases year by year during the survival period. The incidence of brain metastases in NSCLC patients with EGFR mutation is higher than those without EGFR mutation. The average life expectancy of patients with NSCLC at the time of brain metastases diagnosis is approximately one year. The natural average survival of NSCLC patients with brain metastases, i.e. the average survival period for NSCLC patients with brain metastases without any treatment, is only one to two months, and the prognosis is poor, which seriously jeopardizes patients' lives and quality of life. The absence of globally approved drugs for this indication underscores the urgent and unmet medical needs in this critical area.

From 2017 to 2023, the number of new patients with brain metastases from lung cancer worldwide increased from 333.5 thousand to 392.3 thousand at a CAGR of 2.7%. It is estimated that the number of new patients with brain metastases from lung cancer worldwide will reach 437.1 thousand in 2027, growing at a CAGR of 2.7% from 2023 to 2027, and further to 508.7 thousand in 2033 growing at a CAGR of 2.6% from 2027 to 2033. From 2017 to 2023, the number of new patients with brain metastases from lung cancer in China increased from 137.6 thousand to 166.3 thousand, at a CAGR of 3.2%. It is estimated that the number of new patients with brain metastases from lung cancer in China will reach 187.0 thousand in 2027, growing at a CAGR of 3.0% from 2023 to 2027, and further to 218.0 thousand in 2033, growing at a CAGR of 2.7% from 2027 to 2033. From 2017 to 2023, the number of new patients with brain metastases from NSCLC with EGFR mutations in China increased from 93.3 thousand to 112.9 thousand, representing a CAGR of 3.2%. It is estimated that in 2028, the number of new patients with brain metastases from NSCLC with EGFR mutations will reach 130.8 thousand and further to 148.6 thousand in 2033, with a CAGR of 3.0% from 2023 to 2028 and a CAGR of 2.6% from 2028 to 2030.

In China, the market size of EGFR-TKIs for patients with brain metastases from NSCLC with EGFR mutations increased from RMB0.7 billion in 2017 to RMB2.5 billion in 2023, representing a CAGR of 23.8%. It is expected to reach RMB3.1 billion in 2028 and further to RMB3.6 billion in 2033, growing at a CAGR of 4.0% from 2023 to 2028 and a CAGR of 3.2% from 2028 to 2033.

To select the best first-line treatment for each patient with newly diagnosed advanced NSCLC, the tumor must be evaluated for predictive biomarkers, and activating genetic alterations amenable to targeted therapy by next-generation sequencing, colloquially referred to as driver alterations or driver mutations. Targetable genetic alterations include numerous EGFR mutations (exon 19 deletion, exon 21 L858R, T790M), ALK fusion, NTRK fusion, RET fusion, and ROS1 fusion. Patients with a targetable genetic alteration often benefit from oral TKI therapy. However, for the treatment of patients with brain metastases from NSCLC, surgical treatments, chemotherapy and radiotherapy are dominant treatment methods in China. For NSCLC patients with brain metastases detected at the first diagnosis, if the lesions can be removed by surgery, surgery will be performed and combined with chemotherapy or radiotherapy. However, only approximately 25% of NSCLC patients with brain metastases in China are qualified to receive surgical treatment. Among these qualified patients, even fewer choose to receive brain tumor surgery as the first-line treatment. If the lesions cannot be removed by surgery, patients with driver genes will be treated with targeted drugs combined with chemotherapy and other therapeutic approaches. However, current targeted therapy regimens are only effective for approximately 10% of patients with slow progression, and most patients can only be treated by chemotherapy. For patients with brain metastases detected in the course of treatment, the dosage of the original targeted drug will be increased or the original targeted drug will be combined with chemotherapy, or chemotherapy or radiotherapy will be used alone as monotherapy. Treatment options for brain metastases from NSCLC still remain limited. The treatment paradigm of brain metastases from lung cancer is set forth below.



Abbreviation: SRS = Stereotactic Radiosurgery; SRT = Stereotactic Radiation Therapy; SBRT = Stereotactic Body Radiotherapy

Notes: PS refers to the ECOG Performance Status Scale, a standard criteria for measuring how the disease impacts a patient's daily living abilities. It describes a patient's level of functioning in terms of their ability to care for themselves, daily activity, and physical ability (such as walking and working).

PS=0 means fully active, able to carry on all pre-disease performance without restriction; PS=1 means restricted in physically strenuous activity but ambulatory and able to carry out work of a light or sedentary nature, e.g., light house work, office work; PS=2 means ambulatory and capable of all self-care but unable to carry out any work activities; up and about more than 50% of waking hours; PS=3 means capable of only limited self-care; confined to bed or chair more than 50% of waking hours; PS=4 means completely disabled; cannot carry on any self-care; totally confined to bed or chair; and PS=5 means dead.

Source: CSCO NSCLC Treatment Guideline 2023, Frost & Sullivan Analysis

Unmet Clinical Needs of NSCLC Treatment

- *Targeted drugs with better blood-brain barrier permeability.* Currently, patients with brain metastases have a poor prognosis. BBB is a complex and unique semi-permeable membrane that serves as a protective structure to maintain homeostasis within the brain. Due to the poor blood-brain barrier permeability of targeted drugs, the concentration of drugs in the cerebrospinal fluid is lower than that in the peripheral blood at standard doses, resulting in a poor effect of targeted therapy. Therefore, it is important to develop targeted drugs with better blood-brain barrier permeability for the treatment of patients with brain metastases.

- *New generation targeted drugs or better treatment solutions to overcome acquired resistance.* Acquired resistance is categorized into on-target resistance and off-target resistance. On-target resistance refers to mutations of the kinase domain, which lead to steric hindrance changes or conformational changes to prevent TKI binding. Off-target resistance may result from activation of bypass signaling, reactivation of downstream signaling pathways or histological phenotypic shifts. To overcome the on-target resistance, researchers are developing new generation of targeted therapy against tumor cells with drug resistant mutations. Different treatment solutions are often required for different off-target resistance. In some instances, combination therapy is more effective than monotherapy, and new drug modalities show more benefits than those existing drugs.

- *More effective targeted drugs for EGFR exon 21 L858R mutated patients.* Exon 19 deletion and exon 21 L858R mutation are the two most common EGFR mutation subtypes, yet the OS and PFS of patients with exon 21 L858R mutation treated with EGFR-TKIs were significantly lower than those with exon 19 deletion. It is because that the molecular characteristics of exon 21 L858R allow it to bind TKI drugs with a lower affinity than exon 19 deletion. Increased drug dosage has the potential to elevate the affinity for the drug, thereby improving the drug's inhibition of the enzyme. Therefore, an EGFR-TKI with lower toxicity may become a more effective targeted drug for EGFR exon 21 L858R mutated patients as it is safer to increase drug dosage.

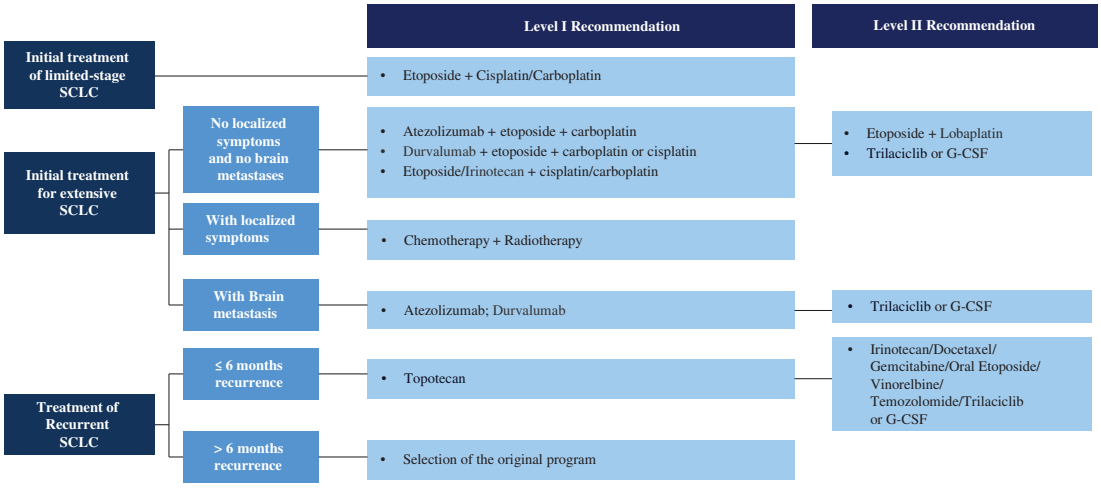
SCLC

SCLC is a heterogeneous neuroendocrine tumor originating from Kulchitsky cells of the bronchial mucosal epithelium, and is the most aggressive subtype of lung cancer. Early symptoms of SCLC are not too obvious and as the disease progresses gradually, the patient will develop a cough. If the condition is further aggravated, the patient may have symptoms of loss of appetite, fatigue and even anemia. SCLC remains one of the most lethal lung malignancies. There are currently few therapeutic options for patients with SCLC. Moreover, all seer stages combined SCLC five-year survival rate is less than 7%, the distant SCLC five-year survival rate is less than 3%.

Globally, the number of SCLC cases increased from 305.5 thousand in 2017 to 359.4 thousand in 2023 with a CAGR of 2.8%. The number is expected to continue to grow and reach 465.9 thousand in 2033. The number of SCLC patients in China has continued to grow in recent years from 126.0 thousand in 2017 to 152.3 thousand in 2023 with a CAGR of 3.2%. This number is expected to continue to grow and reach 199.7 thousand in 2033.

For the majority of patients, diagnosis of extensive-stage SCLC often occurs at an advanced stage. Chemotherapy is the primary treatment modality for extensive-stage SCLC patients, but resistance to chemotherapy drugs is common during the treatment process, leading to inevitable tumor recurrence. Therefore, the development of novel drugs is crucial. In recent years, targeted therapy has gained popularity in the treatment of NSCLC patients. However, the treatment for small cell lung cancer patients is still in the experimental stage, and targeted therapy drugs applicable to SCLC patients have not been identified yet. CDK7 is unique in that it is involved in both transcriptional and cell cycle regulation, is aberrantly overexpressed in many types of cancer, and is associated with aggressive clinicopathologic features and poor prognosis. Several selective CDK7 inhibitors have shown promising antitumor activity in many preclinical models and have entered clinical trials.

The treatment paradigm of SCLC in China is set forth below.



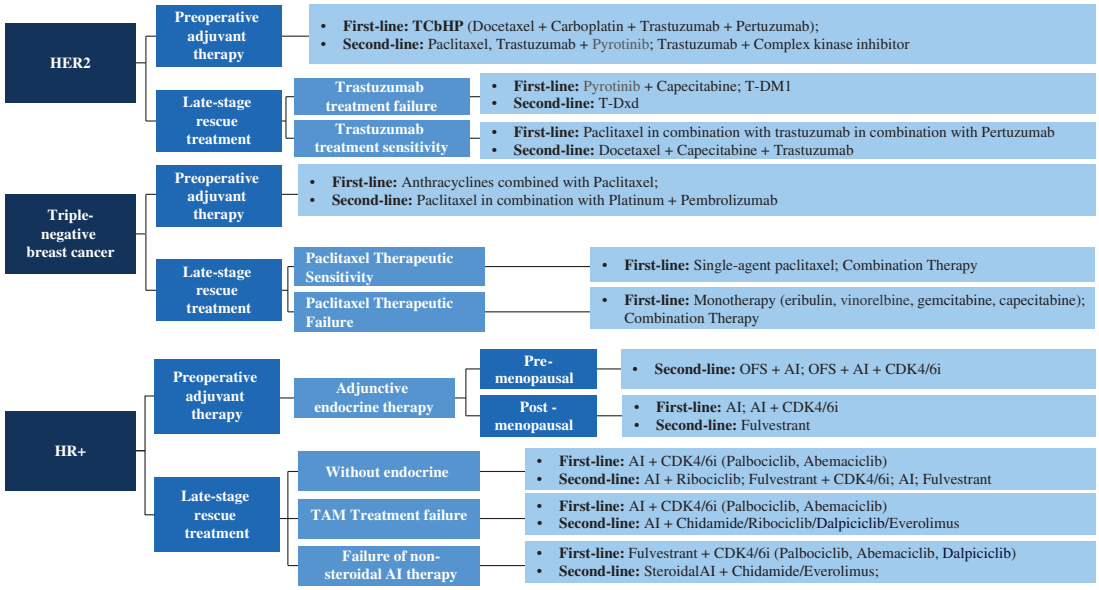
Source: Literature Review, Frost & Sullivan Analysis

Breast Cancer

Breast cancer is the most common cancer in women, and its incidence rises with age, increasing year by year as women age. It mostly happens in women aged 50. Developing from breast tissue, breast cancer may present as a lump in the breast, a change in breast shape, dimpling of the skin, fluid coming from the nipple, a newly inverted nipple, or a red or scaly patch of skin.

The global number of new breast cancer cases increased from 2,045.0 thousand in 2017 to 2,394.8 thousand in 2023, and is expected to reach 2,865.8 thousand in 2033. The number of new breast cancer cases in China increased from 315.2 thousand in 2017 to 345.5 thousand in 2023, and is projected to reach 376.9 thousand in 2033.

CDK4/6 inhibitors are novel targeted therapeutic agents, which are mainly applied to HR+/HER2− breast cancer patients, making a breakthrough in related endocrine treatment modalities. Compared with traditional endocrine therapy alone, CDK4/6 inhibitors combined with endocrine therapy significantly prolonged the progression free survival of breast cancer patients and was well tolerated. The treatment paradigm of breast cancer in China is set forth below.



Source: CSCO(2023), Frost & Sullivan Analysis

HR+/HER2− breast cancer

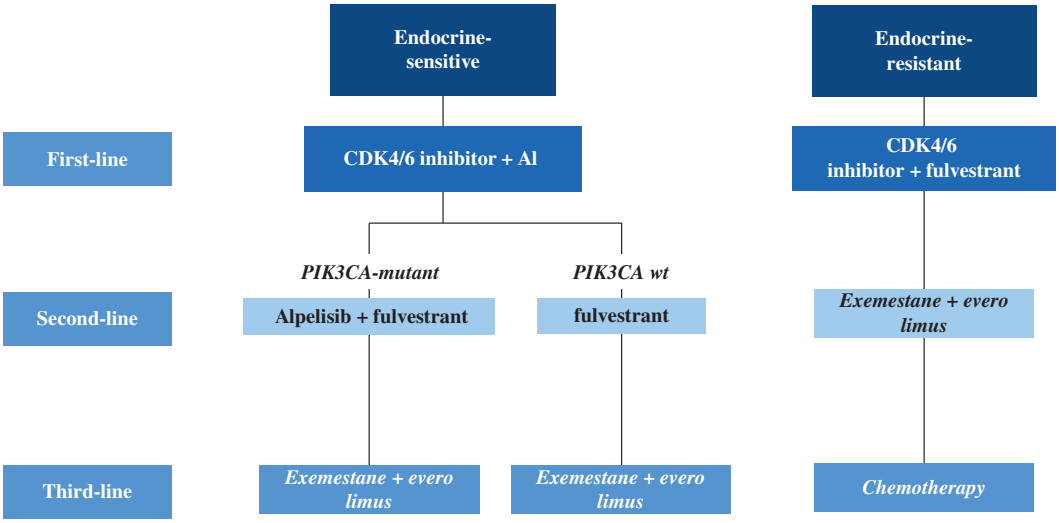
HR+/HER2− breast cancer is the tumor tested positive for estrogen and progesterone receptors and negative for HER2. This subtype accounts for most cases of breast cancer. Results of related studies showed that CDK4/6 inhibitors in combination with endocrine therapy extended the preferred indications for endocrine therapy and provided benefits for HR+/HER2− patients. There are four main female breast cancer subtypes, including the following in order of prevalence: HR+/HER2−, HR−/HER2−, HR+/HER2+, and HR−/HER2+. The breast cancer subtype HR+/HER2− is the most common subtype, around 60% of breast cancers are HR+/HER2−.

ER+/HER2− indicates specific molecular characteristics of breast cancer cells. Estrogen receptor positive or "ER+" means the breast cancer cells express estrogen receptors, indicating sensitivity to antiestrogen. "HER2−" signifies that these breast cancer cells do not overexpress

human epidermal growth factor receptor 2 (HER2), distinguishing them from other breast cancer types where HER2 is overexpressed. ER+/HER2– breast cancer is a relatively common subtype. HR+ includes both ER+ and progesterone receptor positive (PR+). In HR+ breast cancer, it typically involves the simultaneous expression of both estrogen receptors and progesterone receptors. About 80% of all HR+ breast cancers are ER+ or ER/PR+.

The global number of new HR+/HER2– breast cancer cases increased from 1,267.9 thousand in 2017 to 1,484.8 thousand in 2023, and is expected to reach 1,776.8 thousand in 2033. In China, the number of new HR+/HER2– breast cancer cases increased from 189.1 thousand in 2017 to 207.3 thousand in 2023, and it is expected to reach 226.1 thousand in 2033.

According to the treatment guidelines for HR+/HER2– breast cancer, the antitumor treatment regimen for resectable breast cancer is surgery plus systemic therapy. Once the disease progresses and becomes locally advanced or metastatic breast cancer, the first-line recommended therapy is endocrine therapy combined with CDK4/6 inhibitors. The treatment paradigm of HR+/HER2– breast cancer in China is set forth below.



Source: CSCO(2023), JCO Oncology Practice, Frost & Sullivan Analysis

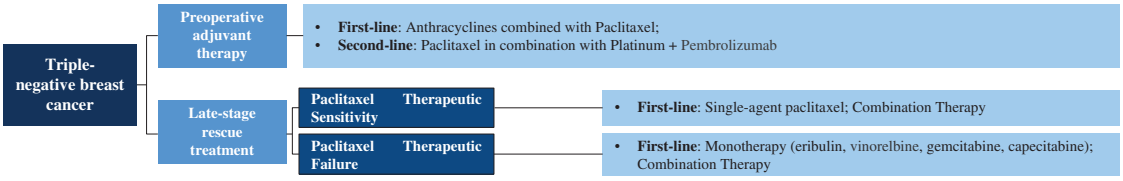
TNBC

TNBC is characterized by the lack of estrogen and progesterone receptor expression and lacks HER2 over-expression or gene amplification, which accounted for approximately 15% of total breast cancer population globally. TNBC is typically diagnosed more frequently in younger and premenopausal women. It is a biologically aggressive tumor, characterized by moderate/high grade and highly proliferative cancer cells, which, together with limited treatment options leads to the poorest prognosis among breast cancer subtypes.

The number of new TNBC cases has historically shown steady growth and is anticipated to continue increasing in the future. Globally, the number of new TNBC cases increased from 306.8 thousand in 2017 to 359.2 thousand in 2023. The number is forecasted to reach 387.6

thousand in 2027 and 429.9 thousand in 2033. The number of new TNBC cases in China increased from 47.3 thousand in 2017 to 51.8 thousand in 2023. The number is forecasted to reach 54.2 thousand in 2027 and 56.5 thousand in 2033.

TNBC is a highly aggressive subtype of breast cancer. Chemotherapy is the primary treatment for TNBC, but its effectiveness is limited. In recent years, various targeted treatment strategies have emerged based on specific molecules and signaling pathways expressed in TNBC. The treatment paradigm of TNBC in China is set forth below.



Source: CSCO(2023), Frost & Sullivan Analysis

Unmet Clinical Needs of Breast Cancer Treatment

- *Recurrence/metastatic diseases for HR+/HER2− patients.* Although outcomes for patients with breast cancer have improved in the past years, with disease-free survival increasing to a much higher rate, unmet needs remain. 30% of HR+/HER2− BC patients develop metastatic (incurable) disease at some point. The goal of treatment is to prolong life, whilst limiting the impact of side effects on patients' quality of life. While survival for metastatic breast cancer has improved, patients eventually need chemotherapy, which will result in additional side effects. More advances are required to delay disease progression and continue day-to-day lives.

- *Limited treatment options in the late-stage setting.* CDK4/6 inhibitors have dramatically changed the therapeutic landscape for HR+/HER2− advanced breast cancer. Combination of CDK4/6 inhibitors with endocrine therapy significantly improves patients' PFS and OS, and reduces the risk of disease progression and death. Despite the effectiveness of current therapeutic strategies, drug resistance remains a great challenge and there is no effective treatment for HR+/HER2− metastatic breast cancer. There is a significant need for new and effective HR+/HER2− therapeutics that can be administered to patients.

- *Addressing drug resistance in breast cancer therapy.* Currently, CDK4/6 inhibitor in combination with endocrine therapy is the standard of care in patients with HR+/HER2− metastatic breast cancer. Although the approval of CDK4/6 inhibitors changed the treatment landscape for these patients, 10 to 20% of the patients turn out to be primarily resistant to this therapy, and acquired resistance eventually occurs in virtually all patients. Therefore, the mechanisms underlying resistance to CDK4/6 inhibitors and the development of new therapeutic strategies to circumvent such resistance is a hot topic in cancer research.

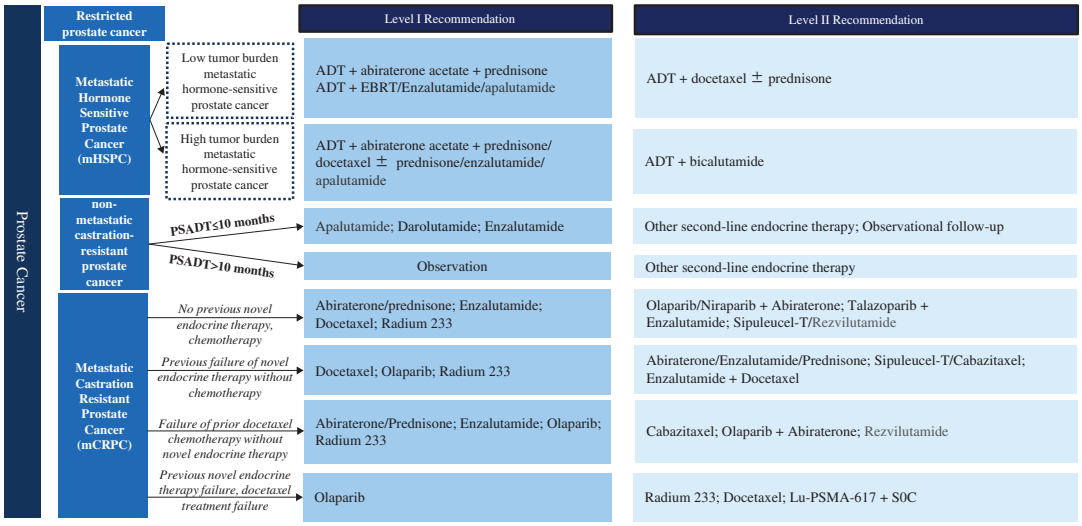
- *Limited treatment options for TNBC patients.* TNBC is widely recognized as an aggressive breast cancer subtype with high rates of recurrence and metastatic spread. Although targeted therapies have benefited patients with other subtypes of breast cancer, sequential single-agent chemotherapy remains the standard of care for patients with TNBC.

Prostate Cancers

Prostate cancer is an epithelial malignant tumor that occurs in the prostate. It is the most common malignant tumor of the male genitourinary system, and it mostly occurs in people over 65 years of age. Early prostate cancer usually has no clear symptoms, often similar to those of benign prostatic hyperplasia. Metastatic prostate cancer (especially bone metastases) can cause symptoms, such as difficulty in maintaining the stream of urine, frequent urination, bone pain, dysuria (painful urination), hematuria and difficulty with erection. The five-year age-standardized overall survival rate for prostate cancer patients in China is 69.2%, compared to 97.4% in the U.S. Additionally, the proportion of Chinese prostate cancer patients with distant metastasis at the time of initial diagnosis is approximately 30.5%, significantly higher than the 6.8% observed in North America.

The number of new prostate cancer cases globally grew from 1,237.9 thousand in 2017 to 1,543.8 thousand in 2023 with a CAGR of 3.8%. This number is expected to grow and reach 2,049.6 thousand in 2033. The number of new prostate cancer cases in China grew from 97.3 thousand in 2017 to 132.7 thousand in 2023, with a CAGR of 5.3%. This number will continue to grow and reach 189.1 thousand in 2033.

Currently, abiraterone acetate has been unanimously recommended by national guidelines for the first line treatment of patients with metastatic desmoplasia resistant prostate cancer. Prostate cancer is an androgen sensitive tumor, and androgens play a key role in prostate carcinogenesis through their interaction with the androgen receptor. Abiraterone is an endocrine therapeutic agent that blocks androgen synthesis, but an increasing number of preclinical and clinical studies have revealed that the signaling pathway is frequently dysregulated and resistant in prostate cancer after abiraterone treatment, and new therapeutic options are urgently needed in the clinic. Studies have demonstrated that CDK4/6 inhibitors inhibit tumor growth and reverse drug resistance in preclinical models such as prostate cancer, and CDK combined with abiraterone will have potential synergistic antitumor efficacy in prostate cancer. The treatment paradigm of prostate cancer in China is set forth below.



Note: Restricted prostate cancer, also known as localized prostate cancer, remains within the prostate gland without spreading outside of it or to any other parts of the body.

Source: CSCO, Frost & Sullivan Analysis

mCRPC

Almost all advanced prostate cancer patients will eventually progress to CRPC after undergoing hormonal therapy, with mCRPC being the primary cause of patient death. The main goal for treating mCRPC is to control symptoms and slow progress. Even though ADT or hormone therapy may no longer work completely to stop prostate cancer from growing, most men with mCRPC remain on ADT because some prostate cancer cells will continue to respond to it. Other cells need additional treatment to keep the cells from forming. The treatment paradigm of mCRPC China is set forth below.

In 2017, global mCRPC incidence was 121.3 thousand, growing to 151.3 thousand in 2023 with a 3.8% CAGR. Predictions indicate further growth to 170.4 thousand in 2027 and 200.9 thousand in 2033, with CAGRs of 3.0% and 2.8%, respectively. In China, mCRPC incidence was 48.7 thousand in 2017, reaching 66.4 thousand in 2023 at a 5.3% CAGR. Projections suggest it will reach 76.6 thousand in 2027 and 94.6 thousand in 2033, with CAGRs of 3.6% and 3.6%, respectively.

Therapy Regimen	Level 1 recommendation	Level 2 recommendation
No prior novel endocrine therapy or chemotherapy	• Abiraterone/Prednisone • Enzalutamide • Docetaxel • Radium 233	• Olaparib/Niraparib + Abiraterone • Talazoparib + Enzalutamide • Sipuleucel-T/Rezvilutamide
Previous failure of novel endocrine therapy without chemotherapy	• Docetaxel • Olaparib • Radium 233	• Abiraterone/Enzalutamide/Prednisone • Sipuleucel-T/Cabazitaxel • Enzalutamide + Docetaxel
Failure of prior docetaxel chemotherapy without novel endocrine therapy	• Abiraterone/Prednisone • Enzalutamide • Olaparib • Radium 233	• Olaparib + Abiraterone • Cabazitaxel • Rezvilutamide
Failure of prior novel endocrine therapy and docetaxel chemotherapy	• Olaparib	• Radium 233 • Docetaxel • Lu-PSMA-617+S0C

Source: CSCO, Frost & Sullivan Analysis

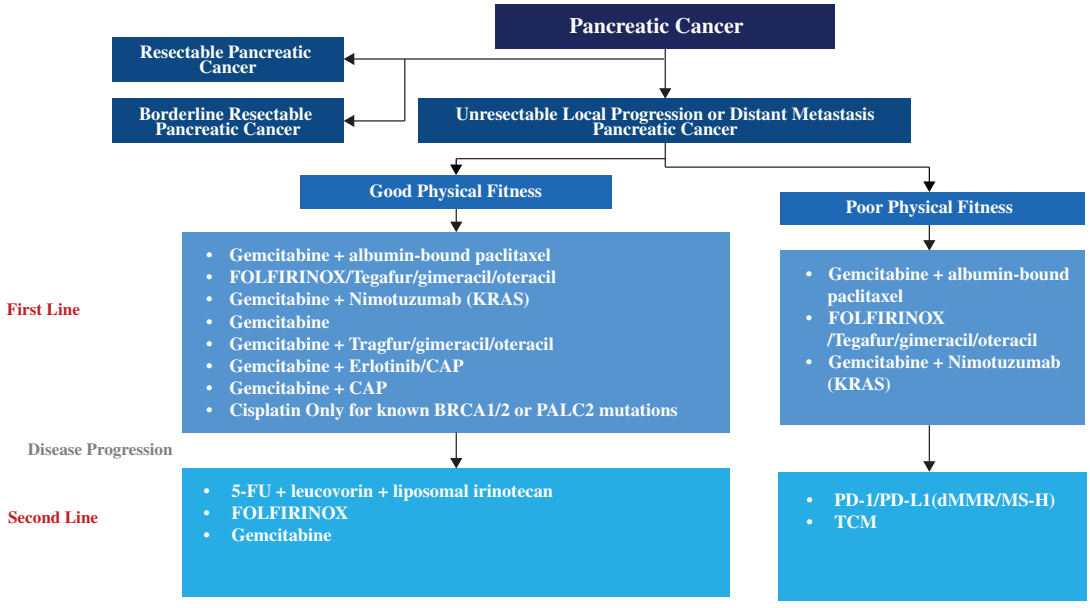
Fewer drug treatments are available, and thus there is an urgent need for prolonged survival. The current approved primary treatment option for adult patients with mCRPC who have failed prior therapy is chemotherapy with a combination of novel endocrine agents or paclitaxel on top of depot therapy. mCRPC patients who have progressed on novel endocrine agents often lack an effective treatment regimen.

Pancreatic Cancer

Pancreatic cancer is caused by the abnormal and uncontrolled growth of cells in the pancreas, a large gland that's part of the digestive system. The early warning signs of pancreatic cancer include jaundice, sudden weight loss, dark-colored urine, itchy skin, digestive problems, pain in the upper abdomen, nausea, appetite loss, swollen gallbladder, blood clots and diabetes. The advanced signs include worsening upper abdomen or back pain, extreme fatigue, swelling, bed sores and recently diagnosed diabetes. Pancreatic cancer is the malignancy with the mortality rate closest to the incidence rate, with a five-year survival rate of 9% to 11%.

The number of pancreatic cancer cases globally increased from 446.6 thousand in 2017 to 538.9 thousand in 2023 with a CAGR of 3.2%. The number is expected to continue to grow and reach 709.8 thousand in 2033. The number of pancreatic cancer cases in China increased from 101.5 thousand in 2017 to 124.1 thousand in 2023 with a CAGR of 3.4%. The number is expected to continue to grow and reach 169.1 thousand in 2033.

The treatment of pancreatic cancer mainly includes surgical treatment, radiotherapy, chemotherapy, interventional therapy, ERCP related treatment and TCM treatment. Currently, the option of targeted therapies is quite limited. Several targeted therapies have been shown to significantly impact outcomes. The treatment paradigm of pancreatic cancer in China is set forth below.



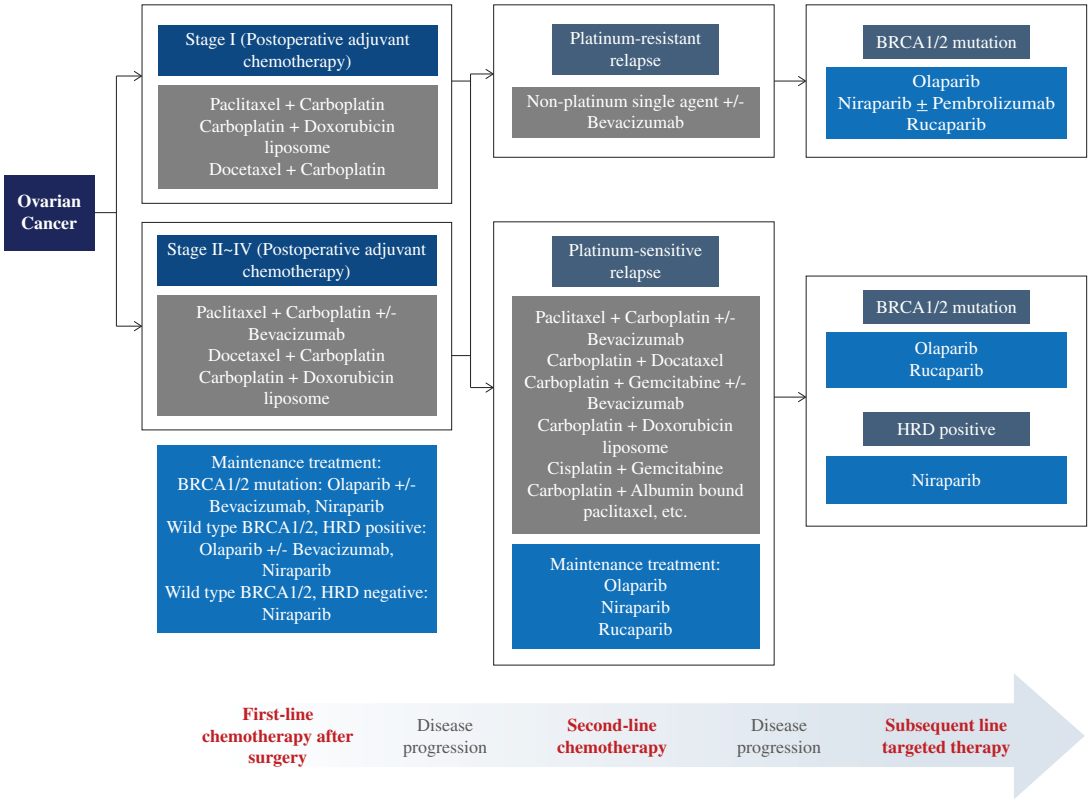
Source: Diagnosis and Treatment of Pancreatic Cancer (2022), Frost & Sullivan Analysis

Ovarian cancer

Ovarian cancer develops in the ovaries, which are the female reproductive glands that produce eggs during a woman's reproductive years. Ovarian cancer develops when cells in the ovaries begin to grow out of control. The early warning signs of ovarian cancer include abdominal bloating, indigestion or nausea, changes in appetite, pressure in the pelvis or lower back, a more frequent or urgent need to urinate and/or constipation, changes in bowel movements, increased abdominal girth, tiredness or low energy, and changes in menstruation, while the advanced warning signs include ovarian cysts, masses or tumors.

The number of ovarian cancer cases globally grew from 289.3 thousand in 2017 to 333.0 thousand in 2023 with a CAGR of 2.4%, and is projected to continue to grow and reach 400.0 thousand in 2033. The number of ovarian cancer cases in China increased from 52.0 thousand in 2017 to 57.8 thousand in 2023 with a CAGR of 1.8%, and is forecasted to continue to grow and reach 63.7 thousand in 2033.

The previous standard of care in China mainly consists of radical surgery and platinum-based chemotherapy. Although platinum-based chemotherapy is effective at inducing an initial response, an estimated 85% of patients with epithelial ovarian cancer who achieve a full remission following first line therapy will develop recurrent disease. The treatment paradigm of ovarian cancer in China is set forth below.



Source: Guideline for Diagnosis and Treatment of Ovarian Cancer, Frost & Sullivan Analysis

Mesothelioma

Mesothelioma is a rare cancer affecting the thin tissue lining the lungs, stomach, heart and other organs. Pleural mesothelioma is the most common type that affects the lungs. Mesothelioma is primarily caused by asbestos exposure. The average life expectancy for mesothelioma patients is 12 to 21 months. About 12% of people with pleural mesothelioma and 65% with peritoneal mesothelioma live for five years or longer.

Along with the rapid development of industrialization, the extensive use of asbestos products over the past decades has posed a great threat to people's lives and health. The global number of mesothelioma reached 33.5 thousand in 2023. Globally, the number of new cases is expected to reach 44.6 thousand in 2033. The number of mesothelioma patients in China has continued to grow in recent years from 2.3 thousand in 2017 to 2.4 thousand in 2023. The number of mesothelioma cases is expected to reach 2.6 thousand in 2033. Operable malignant mesothelioma should receive trimodal therapy with chemotherapy, surgery, and hemithoracic radiation therapy. Inoperable malignant cases should receive combination chemotherapy or immune checkpoint inhibitor therapy.

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the small molecule anti-tumor drugs market in China and the United States. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. The contract sum to Frost & Sullivan is RMB890,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section sets out a summary of the major relevant laws, regulations, rules and policies which may have material impact on our business and operations.

DRUG REGULATORY REGIME

1. Principal Regulatory Authorities

The drug industry in the PRC is mainly administered by three governmental agencies: the National Medical Products Administration (國家藥品監督管理局) (the "NMPA"), the National Health Commission (國家衛生健康委員會) (the "NHC") and the National Healthcare Security Administration (國家醫療保障局) (the "NHSA").

The NMPA, inherits the drug supervision function from its predecessor the China Food and Drug Administration, (the "CFDA") (before March 2018), is the primary regulatory agency in the PRC for the supervision and management of the pharmaceutical products and related businesses, and regulates almost all the key stages of the life-cycle of pharmaceutical products. Center for Drug Evaluation (the "CDE") is the evaluation unit for drug registration with NMPA. It is mainly responsible for conducting technical evaluations on the drugs applying for registration and verifying the relevant drug registrations.

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

The NHSA, a new authority established in May 2018, is responsible for drafting and implementing policies, plans and standards on medical insurance, maternity insurance and medical assistance; administering healthcare fund; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; formulating and administering the bidding and tendering policies for drugs and medical disposables.

2. Regulations on Drug Research, Development and Manufacturing Services

(1) Regulations on Drug Research and Development

(a) Research and development of new drugs

The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "Drug Administration Law") promulgated by the Standing Committee of the National People's Congress (the "SCNPC") in September 1984, last amended on August 26, 2019 and became effective on December 1, 2019, and the Implementation Regulations of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) (the "Implementation Regulations") promulgated by the State Council in August 2002 and last

amended on March 2, 2019, have laid down the legal framework for the establishment and maintenance of pharmaceutical manufacturing and trading enterprises, as well as for the administration of pharmaceutical products including the development and manufacturing of new drugs. According to the Drug Administration Law and the Implementation Regulations, the PRC encourages the research and development of new drugs, and protects the legal rights and interests in the research and development of new drugs. The developer and clinical trial applicant of any new drug shall truthfully submit the new drug's manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and samples to the NMPA for approval before any clinical trial is conducted.

(b) Non-clinical research

The institutions for non-clinical safety evaluation and study shall implement the Good Laboratory Practice for Non-Clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) (the "GLP"). GLP contains a set of rules and criteria for the quality system concerned with the organizational process and conditions under which non-clinical laboratory studies are planned, performed, monitored, recorded, achieved and reported. Other preclinical related research activities for the purpose of drug registration shall be carried out with reference to the GLP. In April 2007, the CFDA issued the Circular on Measures for Certification of Good Laboratory Practice for Non-Clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》), last amended on January 19, 2023 and taking effect on July 1, 2023, which set forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake non-clinical research on drugs.

(c) Animal Testing

The State Science and Technology Commission, now known as the Ministry of Science and Technology, promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) on November 14, 1988, which were most recently amended by the State Council on March 1, 2017. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) on December 11, 1997. The Ministry of Science and Technology and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) on December 5, 2001. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing animal experimentation.

(d) Application for clinical trial

According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017, the decision on the approval of clinical trials of drugs shall be made by the CDE from May 1, 2017. According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the "Circular 27"), which was promulgated on January 22, 2020 and took effect on July 1, 2020, drug clinical trials shall be divided into Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial, and bioequivalence trial.

In accordance with Circular 27 and the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, if a clinical trial applicant does not receive any negative or questioned opinions from the CDE within 60 days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE.

(e) Conduct of clinical trial

After obtaining clinical trial approval, the applicant shall conduct clinical trials at qualified clinical trial institutions. The qualified clinical trial institution refers to institutions that have the conditions to conduct clinical trials in accordance with the requirements and technical guidelines set forth in the Regulations for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect on December 1, 2019. Such clinical trial institutions shall be subject to filing requirements, with the exception of institutions that only engage in analysis of biological samples which shall not be subject to such filing requirements. The NMPA is responsible for setting up a filing management information platform for the registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information from the supervision and inspection activities conducted by the drug regulatory authorities and competent healthcare authorities.

Clinical trials must be conducted in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) promulgated by NMPA and NHC on April 23, 2020 and effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including preclinical trial preparation, trial protocols, protection of testees' rights and interests, duties of researchers, sponsors and monitors, as well as data management and statistical analysis.

According to the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of new investigational drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for communication meetings to CDE to discuss with CDE the key technical questions including the design of Phase III clinical trial protocol. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》), revised by the NMPA on December 10, 2020, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development stages of drugs, mainly including meetings before submitting the clinical trial application, meetings upon the completion of Phase II trials and prior to Phase III trials, meetings before submitting the marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to other meetings not classified as Type I or Type II.

(f) Gathering, Collection and Filing of Human Genetic Resources

On June 10 1998, the Ministry of Science and Technology and the Ministry of Health (which was canceled in the institutional reform of the State Council in 2013, its functions were first inherited by the National Health and Family Planning Commission and then by the NHC) promulgated the Interim Measures for the Management of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) which sets out rules for the protection and use of human genetic resources in China. Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the Ministry of Science and Technology in July 2015, the gathering and collection of human genetic resources through clinical trials by a foreign-invested sponsor shall be filed for record with the China Human Genetic Resources Management Office through an online system. The Ministry of Science and Technology promulgated the Notice on Optimizing the Administrative Examination and Approval Process of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017, which has simplified the approval process for the gathering and collection of human genetic resources for the marketing of drugs in China.

The Regulations on the Management of Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council in May 2019 amended on March 10, 2024 and came into effect on May 1, 2024, replaces the Interim Measures for the Management of Human Genetic Resources, and further regulates the collection, preservation, utilization and external provision of China's human genetic resources. Foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources in China, or provide Chinese genetic resources to foreign countries. Where a Foreign Entity needs to use Chinese human genetic resources to conduct scientific research activities or clinical trials, it shall cooperate with Chinese scientific research institutions, institutions of higher education, medical institutions or enterprises.

On May 26, 2023, the Ministry of Science and Technology promulgated the Implementation Rules for the Administrative Regulation on Human Genetic Resources (《人類遺傳資源管理條例實施細則》), or the Human Genetic Resources Implementing Rules, which came into effect on July 1, 2023. The Human Genetic Resources Implementing Rules further provided detailed implementation regulations specific provisions on the collection, preservation, utilization and external provision of human genetic resources of the PRC.

We are using human genetic resources in our drug discovery and development activities through International Cooperation with Chinese entities. As advised by our PRC Legal Adviser, considering, (a) we have conducted research and development activities related to human genetic resources through international cooperation with Chinese research institutions, medical institutions, or enterprises, and has obtained the necessary approvals or filings from the relevant scientific and technological administrative department according to the relevant rules and regulations; and (b) as of the Latest Practicable Date, we had not been subject to any material fines or other penalties pursuant to the relevant rules and regulations of human genetic resources, we are compliant with the relevant rules and regulations of human genetic resources in all material aspects.

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

(g) New Drug Registration

Pursuant to Circular 27, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes and completion of other related preparation works, the applicant may apply with the NMPA for the marketing authorization. The NMPA then determines whether to approve the application according to applicable laws and regulations. The applicant must obtain the marketing authorization for a new drug before the drug can be manufactured and sold in the China market.

(h) Prioritized Examination and Approval for Registration of Certain Drugs

On November 11, 2015, the CFDA promulgated the Circular Concerning Several Policies on Drug Registration Review and Approval (《關於藥品註冊審評審批若干政策的公告》), which provides that a fast track clinical trial approval or drug registration pathway can be available for the applications for certain drugs, including the registration of new innovative drugs treating HIV, cancer, serious infectious diseases and orphan diseases; and registration of pediatric drugs, etc.

On July 7, 2020, the NMPA promulgated the Announcement on Promulgating Three Documents Including the Working Procedures for the Evaluation of Breakthrough Therapy Designation Drugs (Trial)(《突破性治療藥物審評工作程序(試行)》), which stipulates that during the clinical trial period, innovative drugs or modified new drugs that are used to prevent and treat the disease that is serious life-threatening or severely affecting the quality of life and there is no effective prevention and treatment method, or compared with existing treatment methods that have sufficient evidence to show that they have obvious clinical advantages, then any applicant can apply for breakthrough therapeutic drug programs during Phase I and II clinical trials, but usually no later than the commencement of Phase III clinical trials.

(i) Special Examination and Approval Procedures

On November 18, 2005, the CFDA promulgated the Procedures of the CFDA for the Special Examination and Approval of Drugs (《國家食品藥品監督管理局藥品特別審批程序》), which stipulates that in the case of any threatening or actual public health emergency, the CFDA shall take a series of measures to facilitate the approval procedures so that the drugs needed in responding to the public health emergency can be approved as soon as possible.

(j) Marketing Authorization Holder Mechanism

Pursuant to the Drug Administration Law, China implements the marketing authorization holder mechanism for management of the drug industry. The drug marketing authorization holder refers to an enterprise or a drug research and development institution that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for non-clinical research, clinical trials, production and operation, post-marketing research, adverse reaction monitoring, reporting and processing of drugs in accordance with the provisions of the law.

The marketing authorization holders may manufacture drugs by themselves or entrust a pharmaceutical manufacturing enterprise to manufacture drugs. Likewise, they may sell drugs by themselves or entrust a pharmaceutical distribution enterprise to sell drugs.

The drug marketing authorization holder shall establish a drug quality assurance system and be equipped with special personnel to take charge of quality management on drugs independently. The drug marketing authorization holder shall regularly review the quality management system of the drug manufacturer and the drug distributor, and supervise its continuous quality assurance and control capabilities.

(k) Administrative Protection and Monitoring Periods for New Drugs

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

(2) Regulations on Drug Manufacturing

(a) Drug Manufacturing License

According to the Drug Administration Law of the PRC (中華人民共和國藥品管理法), or the Drug Administration Law, which was promulgated by the SCNPC in September 1984 and last amended in August 2019, a drug manufacturing enterprise is required to obtain a Drug Manufacturing License (藥品生產許可證) from the relevant provincial counterpart of the NMPA. According to the Measures for the Supervision and Administration of Drugs (藥品生產監督管理辦法) promulgated by the CFDA on August 5, 2004 and last amended on January 22, 2020, a Drug Manufacturing License is valid for five years and may be renewed upon the application by the holder of such Drug Manufacturing License at least six months prior to the expiration date and the approval by the provincial counterpart of the NMPA originally issues the Drug Manufacturing License.

(b) Good Manufacturing Practice

The Good Manufacturing Practice for Drugs (藥品生產質量管理規範) (the "GMP") which was promulgated in March 1988 and last amended in January 2011 and took effect on March 1, 2011, comprises a set of detailed standard guidelines governing the manufacture of the drugs, including institution and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, product operation, raw material management, maintenance of sales records and manner of handling customer complaints.

In November 2019, the NMPA issued the Announcement on Matters Pertaining to the Implementation of the Drug Administration Law of the PRC (關於貫徹實施《中華人民共和國藥品管理法》有關事項的公告), in accordance to which the GMP certification was canceled from December 1, 2019. No application for GMP certification would be accepted and no GMP certificate would be granted. However, according to the Drug Administration Law, drug manufacturers shall still comply with the GMP, establish and improve the GMP system, and ensure the whole drug production process is consistently in compliance with statutory requirements.

In May 2021, the NMPA promulgated the Administrative Measures for Drug Inspection (Trial Implementation and amended on July 19, 2023) (藥品檢查管理辦法(試行)) which became effective on the same date, and the Administrative Measures for the Certification of Good Manufacturing Practice for Drugs (藥品生產質量管理規範認證管理辦法) were repealed concurrently. The Administrative Measures for Drug Inspection (Trial Implementation) provide that if a drug manufacturer applies for a drug manufacturing license for the first time, onsite inspections to be conducted in accordance with the GMP requirements are required, while for a drug manufacturer applying for the renewal of a drug manufacturing license, the review will be conducted based on the risk management principles, taking into account certain factors, including the drug manufacturer's compliance with the laws and regulations of drug administration, the drug manufacturer's operation of the GMP system and quality management system, and inspections on the drug manufacturer's conformity to the GMP requirements may be conducted where necessary.

3. Regulations in relation to the Medical Insurance Program

(1) Coverage of the national medical insurance program

The national medical insurance program was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarged the coverage of the basic medical insurance program, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, the Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

(2) Medical Insurance Catalogue

According to the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) or the NRDL Administrative Measures, which promulgated by the NHSA, on July 30, 2020 and took effect on September 1, 2020, the scope of drugs covered by the basic medical insurance shall be administered through a reimbursement drug list.

The National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the National Reimbursement Drug List (the "NRDL"), which promulgated by the NHSA and the Ministry of Human Resources and Social Security and took effect on December 7, 2023, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. The local government shall strictly implement the NRDL and shall not adjust the contents contained in the NRDL at their own discretion. Medicines listed in the NRDL are divided into two parts, List A and List B. List A drugs are widely used clinical treatments with good efficacy and lower prices compared to similar drugs, while List B drugs are clinical treatments with good efficacy and slightly higher prices compared to List A drugs.

According to the NRDL Administrative Measures, a Provincial Reimbursement Drug List ("PRDL") must be made by the provincial healthcare security authorities. Patients purchasing List A drugs can directly obtain reimbursement under the basic medical insurance program. Patients purchasing List B drugs shall pay a certain percentage of the purchase price first and then obtain reimbursement under the basic medical insurance program.

(3) National Essential Drug List

On August 18, 2009, the Ministry of Health (the "MOH") and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the National Essential Drug List (《國家基本藥物目錄管理辦法(暫行)》), which was amended on February 13, 2015, and the Guidelines on the Implementation of the National Essential Drug List System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the National Essential Drug List. The NHC promulgated the National Essential Drug List (2018) (《國家基本藥物目錄(2018年版)》), the "National Essential Drug List") on September 30, 2018, replacing the National Essential Drug List (2012) (《國家基本藥物目錄(2012年版)》) which was promulgated on March 13, 2013. According to these regulations, basic healthcare institutions funded by government shall store up and use drugs listed in National Essential Drug List. The drugs listed in National Essential Drug List shall be purchased by centralised tender process and shall be subject to the price control by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會(the "**NDRC**")). Remedial drugs in the National Essential Drug List are all listed in the Medical Insurance Catalogue and the entire amount of the purchase price of such drugs is entitled to reimbursement.

OTHER SIGNIFICANT PRC REGULATIONS AFFECTING OUR BUSINESS IN THE PRC

1. Regulations relating to the Company Law and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (中華人民共和國公司法) (the "**Company Law**"), which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively. The latest revised Company Law came into effect on July 1, 2024. Pursuant to the Company Law, companies are classified into two categories, namely limited liability companies and limited companies by shares.

According to the Company Law, companies shall contribute 10% of the profits into their statutory capital reserve upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory capital reserve is more than 50% of its registered capital. Where the balance of the statutory capital reserve of a company is insufficient to make up its losses in the previous year, the company shall make up such losses using its profits of the current year before making contribution to the statutory capital reserve. Upon contribution to the statutory capital reserve with its post-tax profits, a company may make further contribution to the capital reserve with its post-tax profits. After making up its losses and accrued reserves, a company may distribute post-tax profits to its shareholders.

Furthermore, the major revisions made by the latest revised Company Law included improvement of the system for the establishment and exit of companies, optimization of organizational structures of companies, improvement of the capital system of companies, strengthening the responsibilities of the controlling shareholder and management staff, enhancing the social responsibilities of companies, etc.

On March 15, 2019, the National People's Congress (the "**NPC**") promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**"), which took effect on January 1, 2020 and repealed the Sino-foreign Equity Joint Ventures Law of the PRC (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Sino-foreign Cooperative Joint Ventures Law of the PRC (中華人民共和國中外合作經營企業法). Since then, the Foreign Investment Law has become the fundamental law regulating foreign-invested enterprises wholly or partially invested by foreign investors. According to the Foreign Investment Law and the Implementation Regulations for the Foreign Investment Law of the PRC issued by the State Council on December 26, 2019 and effective from January 1, 2020, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations (the "**Foreign investors**") within the territory of the PRC, including the following circumstances: (i) a foreign investor establishes a foreign-funded enterprise within the territory of the PRC, either alone or together with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and

interests of a PRC enterprise; (iii) a foreign investor invests in any new project within the territory of the PRC, either alone or together with any other investor; or (iv) a foreign investor invests in any other way as stipulated under the laws or administrative regulations or provided by the State Council. The organization form and structure, and the operating rules of foreign-funded enterprises are subject to the provisions of the Company Law, the Partnership Enterprise Law of the PRC and other applicable laws.

The administrative system for foreign investment is pre-entry national treatment and negative list in the PRC. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of the entry of investments which shall be no less favorable than that accorded to domestic investors and their investments. The negative list refers to the special administrative measures taken for the entry of foreign investment in the specific sectors stipulated by the PRC government. National treatment will be accorded by the PRC government to the foreign investments not included in the negative list.

The NDRC and the Ministry of Commerce (the "**MOFCOM**") jointly issued the Catalogue of Encouraged Industries for Foreign Investment (2022 version) (鼓勵外商投資產業目錄(2022年版)) on October 26, 2022, which became effective from January 1, 2023 and the Special Administrative Measures (Negative List) for the Entry of Foreign Investment (2021 version) (外商投資准入特別管理措施(負面清單) (2021年版)) (the "**Negative List**") on December 27, 2021, which became effective on January 1, 2022, which together constitute the catalogue of encouraged industries for foreign investment and the special administrative measures for the entry of foreign investment in the restricted or prohibited industries for foreign investment. The Negative List provided the special administrative measures for the entry of foreign investment, such as the requirements on equity and senior management personnel. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. Domestic enterprises engaged in businesses in the prohibited industries for foreign investment as listed in the Negative List shall be subject to the review and approval by the relevant competent authorities for the issuance of shares and listing on the foreign stock markets. Foreign investors shall not participate in the operation and management of the enterprises, and their equity ratio shall be governed with reference to the relevant regulations on the management of overseas investors investing in domestic securities.

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was jointly issued by the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") on December 30, 2019, which became effective on January 1, 2020. According to the Measures on Reporting of Foreign Investment Information, if a foreign investor carries out investment activities directly or indirectly within the territory of the PRC, the foreign investors or the foreign-invested enterprise shall report to the competent authorities of commerce the investment information pursuant to such measures. When a foreign-invested enterprise submits the annual report, it shall report the basic information of the enterprise, information of investors and the actual controller, and operation, assets and liabilities information of the enterprise, and where the special administrative measures for the entry of foreign investment are involved, it shall as well report the information of the relevant industry approvals obtained.

2. Regulations Relating to Intellectual Property Rights

(1) Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 respectively and effective from June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) issued by the State Council on December 21, 1992 and last amended on December 11, 2023 and effective from January 20, 2024, an invention-creation shall refer to an invention, utility model or design. Inventions and utility models for which patent rights are granted shall possess novelty, creativity and practicality. The Patent Office under the China National Intellectual Property Administration is responsible for the acceptance, examination and approval of patent applications. The protection period is 20 years for an invention patent, 10 years for a utility model patent and 15 years for a design patent, commencing from their respective application dates.

The Patent Law of the PRC, for the first time, introduced the patent term compensation and patent linkage system. Pursuant to the Patent Law of the PRC, for the purpose of compensating for the time taken to examine and approve a new drug to be marketed, the patent administrative department under the State Council shall grant compensation to the validity period of patent rights for the invention patents of new drugs approved to be marketed in the PRC upon request of the patentee. The compensation period shall not exceed five years, and the total validity period of patent rights after a new drug is approved to be marketed shall not exceed 14 years. The Patent Law of the PRC also introduced a system for the early resolution of patent disputes concerning generic drug applications.

(2) Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982 and amended on February 22, 1993, October 27, 2001 and August 30, 2013, and last amended on April 23, 2019 and effective from November 1, 2019 and the Implementation Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例) issued by the State Council on August 3, 2002 which became effective on September 15, 2002, and revised on April 29, 2014 which became effective on May 1, 2014, the validity period of registered trademarks is 10 years, commencing from the date of approval of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of its validity period shall go through the formalities of renewal within 12 months before the expiry according to the relevant provisions. If failing to do so, the trademark registrant may be granted a six-month grace period. The validity period of each renewal is 10 years, commencing from the day after the expiry date of the last validity period of the registered trademark. If the formalities of renewal are not undergone within the grace period, the registration of the trademark will be canceled.

(3) Copyright

Copyright is protected by the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020 and effective from June 1, 2021 and the Implementation Regulations of the Copyright Law of PRC (中華人民共和國著作權法實施條例) issued by the State Council on May 1, 1991 and last amended on January 30, 2013, which provided provisions on the classification of works and the obtaining and protection of copyright and the related rights.

(4) Domain Names

Domain names are protected by the Administrative Measures of Internet Domain Names (互聯網域名管理辦法) issued by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 and effective from November 1, 2017 and the Implementing Rules on Registration of China Country Code Top-level Domain Names (國家頂級域名註冊實施細則) issued by China Internet Network Information Center on June 18, 2019 and effective therefrom. The MIIT is the regulatory body responsible for the administration of PRC internet domain names. The China Internet Network Information Center is responsible for the administration of registration of China country code top-level domain names. Domain name registrations are processed by the domain name registration service agencies established pursuant to the relevant provisions. The applicants become domain name holders upon successful registration.

(5) Trade Secrets

According to the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019 respectively and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trade Secret Infringement (最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定) issued by the Supreme People's Court on September 10, 2020 and effective from September 12, 2020, the term "trade secrets" refers to technical, operational and other business information that is unknown to the public, has business value, may create business interests or profits for its legal owners or holders, and is maintained as a secret with relevant security measures taken by its right holders. According to the Anti-Unfair Competition Law of the PRC, business operators are prohibited from infringing others' trade secrets by (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion or any other illicit means; (ii) disclosing, using or allowing other person to use a trade secret acquired from the right holder by any means as specified in the preceding subparagraph; (iii) disclosing, using or allowing other person to use a trade secret in its possession in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (iv) abetting, tempting or aiding a person into or in acquiring, disclosing, using or allowing other person to use the trade secret of the right holder in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known the abovementioned illegal conducts but nevertheless acquires, uses or allows other persons to use such trade secrets, the third party shall be deemed to have infringed others' trade secrets. The right holders whose trade secrets are infringed may apply for administrative corrections, and the regulatory authorities shall order to stop any illegal activities and impose fine penalties on the infringers.

3. Regulations Relating to Labor Protection in the PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law, which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995, and most recently amended on December 29, 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was implemented on July 1, 2011, and amended on December 29, 2018 and the Regulations on Management of Housing Fund (《住房公積金管理條例》) issued by the State Council, which was last amended and took effect on March 24, 2019, an employer that fails to make social insurance contributions or housing fund contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline.

4. Regulations on Environmental Protection, Health and Safety

(1) Environmental Impact Assessment

According to the Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), promulgated by the State Council on November 29, 1998 and last amended with effect from October 1, 2017, the construction entity shall submit an environmental impact report or an environmental impact statement, or fill in a registration form, as applicable, depending on the degree of impact the construction project has on the environment. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction entity shall submit the environmental impact report and environmental impact statement to the competent administrative authority of environmental protection for approval before the commencement of the construction. If the environmental impact assessment documents of a construction project have not been reviewed by the competent administrative authority in accordance with the law or have not been granted approval after the review, the construction entity shall be prohibited from commencing construction works of such project.

According to the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法), promulgated by the SCNPC on October 28, 2002 and last amended with effect from December 29, 2018, for construction projects that have an impact on the environment, entities shall prepare an environmental impact report, environmental impact statement or registration form in accordance with the severity of the impact that the project may have on the environment.

(2) Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (建設項目竣工環境保護驗收暫行辦法), promulgated and implemented by the former Ministry of Environmental Protection (now the MEE) on November 20, 2017, regulate the procedures and standards for environmental protection acceptance by construction entities upon the completion of construction projects.

(3) Precursor Chemicals

According to the Regulation on the Administration of Precursor Chemicals (易製毒化學品管理條例), promulgated by the State Council on August 26, 2005 and last amended and with effect from September 18, 2018, a classified administration and licensing system are applied to the production, distribution, purchase, transportation, and import and export of precursor chemicals. An enterprise shall report the variety and quantity in demand to the competent public security bureau for filing before purchasing any precursor chemicals in Category II and III.

(4) Fire Prevention

According to the Fire Prevention Law of the PRC (中華人民共和國消防法), promulgated by the SCNPC on April 29, 1998 and last amended with effect from April 29, 2021, design and construction of the fire control facilities for a construction work shall comply with the national fire control technical standards. The developer, designer, constructors and project supervisor of a construction project shall be responsible for the quality of the design and construction of the fire control facilities for the construction work according to the relevant laws. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business.

5. Regulations relating to Foreign Exchange

The principal law governing the foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) (the "**Foreign Exchange Administration Regulations**"), which was issued by the State Council on January 29, 1996 and became effective on April 1, 1996, and amended on January 14, 1997 and August 5, 2008 respectively. Pursuant to the Foreign Exchange Administration Regulations, international payments in foreign currencies and transfer of foreign currencies under the current account are not restricted by the government. However, foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) (the "**SAFE**") or its local counterparts and other relevant PRC governmental authorities.

Pursuant to the Regulation of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) issued by the People's Bank of China on June 20, 1996 which became effective on July 1, 1996, foreign-invested enterprises may only buy, sell or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of transactions under the capital account, obtaining approvals from the SAFE or its local counterpart.

On March 30, 2015, the SAFE issued the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**SAFE Circular 19**"), which became effective on June 1, 2015. Pursuant to the SAFE Circular 19, the foreign exchange capital, for which the monetary contribution has been confirmed by the foreign exchange authorities (or for which the monetary contribution has been credited into account by banks) in the capital account of a foreign-invested enterprise may be settled at banks under the actual operation needs of enterprise. Meanwhile, the use of such Renminbi shall be subject to the restrictions as set out in the SAFE Circular 19, such that it cannot be directly or indirectly used for payment beyond the business scope of the enterprises or as prohibited by the laws and regulations, for securities investments unless otherwise provided by the laws and regulations, for offering Renminbi entrusted loans (unless permitted by the business scope), repaying inter-enterprise borrowings (including advances by a third party) or repaying the Renminbi bank loans that have been sub-lent to a third party, or paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

On June 9, 2016, the SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the "**SAFE Circular 16**") which became effective therefrom. Where the previous provisions, such as the SAFE Circular 19, are inconsistent with the SAFE Circular 16, the SAFE Circular 16 shall prevail. The SAFE Circular 16 unified the discretional foreign exchange settlement for all the domestic institutions. Furthermore, the foreign exchange proceeds under the capital account of a domestic institution shall be used within the business scope of the domestic institution and under the principles of authenticity and self-use. The SAFE Circular 16 reaffirmed that the foreign exchange proceeds under the capital account of and the Renminbi funds obtained from foreign exchange settlement by a domestic institution may be used for expenditures under the current account within its business scope or the expenditures under the capital account permitted by the laws and regulations. The foreign exchange proceeds under the capital account of and the Renminbi funds obtained from foreign exchange settlement by a domestic institution (i) shall not be used directly or indirectly for expenditures beyond the business scope of the domestic institution or as prohibited by the laws and regulations, (ii) unless otherwise provided, shall not be used directly or indirectly for securities investments or other investments than principal-secured products of banks, (iii) shall not be used for offering loans to non-affiliated enterprises, unless expressly permitted by the business scope or (iv) shall not be used for the construction or purchase of real estate not for self-use (except for real estate enterprises).

According to the Circular on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on April 10, 2020 which took effect therefrom, the reform to facilitate the payments of proceeds under the capital accounts shall be promoted nationwide by the SAFE. Provided that the use of funds is true and compliant, and in compliance with the current administrative provisions on the use of the proceeds under the capital accounts, enterprises satisfying the requirements are not required to provide the banks with supporting documents to prove authenticity for each transaction beforehand when making domestic payments with the proceeds under the capital accounts, such as the capital funds and the proceeds of foreign debt or overseas listing.

On January 18, 2017, the SAFE issued the Notice on Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (關於進一步推進外匯管理改革完善真實合規性審核的通知) which provided that when processing the outward remittance of profits of a domestic institution equivalent to more than 50,000 U.S. dollars, the bank shall, in light of the principle of genuine transaction, review the profit distribution resolution made by the board of directors (or by the partners), original tax filing form and audited financial statements relating to the outward remittance of profits, and chop on the original tax filing form to endorse the amount and date of the outward remittance. The domestic institution shall make up for its losses in the previous years according to the laws before remitting the profits.

6. Regulations relating to Outbound Investment

Pursuant to the Administrative Measures on Outbound Investments (境外投資管理辦法) issued by the MOFCOM on March 16, 2009 and amended on September 6, 2014, the MOFCOM and the provincial competent departments of commerce shall subject the outbound investments of enterprises to filing or approval, depending on the actual circumstances of such investments. Outbound investments of enterprises involving sensitive country or region, or sensitive industry shall be subject to approval. Other outbound investments of enterprises shall be subject to filing.

Pursuant to the Administrative Measures for the Outbound Investments of Enterprises (企業境外投資管理辦法) issued by the NDRC on December 26, 2017 and effective from March 1, 2018, if an enterprise in the territory of the PRC (the "**Investor**") intends to make outbound investments, it shall go through the formalities, such as approval or filing, for the outbound investment project (the "**Project**"), report relevant information and cooperate in the supervisory inspections. The sensitive Projects invested directly by the Investor or through the foreign enterprises controlled by the Investor shall be subject to approval. The non-sensitive Projects invested directly by the Investor, which involve the direct contribution of assets, rights and interests, or provision of financing or guarantee by the Investor, shall be subject to filing. The aforementioned sensitive Projects include the Projects involving sensitive country of region, or sensitive industry. The Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (境外投資敏感行業目錄(2018年版)) issued by the NDRC on January 31, 2018 and effective from March 1, 2018 listed in detail the sensitive sectors.

7. Regulations relating to Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) (the "**EIT Law**") promulgated by the SCNPC on March 16, 2007, which became effective from January 1, 2008, and last amended on December 29, 2018, enterprises shall be classified into resident enterprises and non-resident enterprises. The income tax rate of resident enterprises is 25%, while the income tax rate of non-resident enterprises is 20%. According to the EIT Law and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) (the "**Implementation Regulations for EIT Law**") issued by the State Council on December 6, 2007, which became effective from January 1, 2008, and last amended on April 23, 2019, enterprise income tax shall be payable by a resident enterprise for the income derived from or accruing in or outside the PRC. Enterprise income tax shall be payable by a non-resident enterprise with office or premises within the territory of the PRC for the income derived from or accruing in the PRC by its office or premises, and the income derived from or accruing outside the PRC for which its office or premises has a de facto relationship. Where the non-resident enterprise has no office or premises within the territory of the PRC or the income derived or accrued has no de facto relationship with its office or premises, enterprise income tax shall be payable by the non-resident enterprise for the income derived from or accruing in the PRC at a reduced rate of 10%.

According to the EIT Law and the Implementation Regulations for EIT Law, dividends, premium and other gains from equity investments between the qualified resident enterprises shall be tax-exempted.

(1) Taxation Relating to Dividends

(a) Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法) (the "**IIT Law**") promulgated by the SCNPC on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and the Implementation Regulations for the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法實施條例) (the "**Implementation Regulations for the IIT Law**") last amended by the State Council on December 18, 2018 and implemented on January 1, 2019, dividend income derived by individual investors from PRC domestic enterprises (no matter the place of payment is in the PRC or not) shall be subject to individual income tax at a tax rate of 20% and shall be withheld by the PRC domestic enterprises, except for tax-exempt income stipulated in international conventions and agreements to which the PRC Government is a party, as well as other tax-exempt income and tax reduction circumstances stipulated by the State Council.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) (the "**Arrangement**") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance

with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends. However, pursuant to the Fifth Protocol of the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) (the "**Fifth Protocol of the Arrangement**"), which came into effect on December 6, 2019, although there are other provisions under the Arrangement, if, after taking into account all relevant facts and conditions, one of the primary purposes for the arrangement or transaction which will bring any direct or indirect benefits under this Arrangement is reasonably deemed to obtaining such benefit, then such benefits shall not be granted with respect to the relevant income, unless it can be confirmed that the grant of benefits under such circumstance is consistent with the purpose and goal of the relevant provisions of this Arrangement.

Additionally, pursuant to the Notice on Issues Relating to the Implementation of the Dividend Clauses in the Tax Treaties (關於執行稅收協定股息條款有關問題的通知) issued by the STA on February 20, 2009 and effective therefrom, where a PRC resident company pays dividends to a Hong Kong resident and the Hong Kong resident (or person collecting the dividends) is the beneficial owner of the dividends, the dividends obtained by the Hong Kong resident is entitled to the treatment of the tax treaties, namely that the income tax payable in the PRC by the Hong Kong resident shall be calculated at the tax rate prescribed in the treaties. If the tax rate prescribed in the treaties is higher than that provided in the tax laws of the PRC, the taxpayer may pay taxes in accordance with the tax laws of the PRC. A taxpayer who intends to enjoy the treatment of the treaties prescribed in the preceding paragraph shall satisfy all the following conditions: (i) a taxpayer eligible for the treatment of the treaties shall be a Hong Kong resident, (ii) a taxpayer eligible for the treatment of the treaties shall be the beneficial owner of the relevant dividends, (iii) dividends eligible for the treatment of the treaties shall be equity investment gains such as dividends and bonuses which are recognized in accordance with the tax laws of the PRC, and (iv) other conditions as prescribed by the STA. A transaction or arrangement for which the primary purpose is to obtain a preferential tax position shall not constitute the reason for the application of treatment of the treaties; where a taxpayer enjoys unjustifiably the treatment of the tax treaties due to such transaction or arrangement, the competent tax authorities may make adjustments thereto.

(b) Enterprise Investors

Pursuant to the EIT Law and the Implementation Regulations for the EIT Law, a non-resident enterprise is subject to enterprise income tax for its PRC-sourced income (including equity investment gains such as dividends and bonuses paid by PRC enterprises), but shall be at a reduced tax rate of 10%, if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premises in the PRC. The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding tax shall

be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable. The Circular on Issues Relating to the Withholding and Remittance of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) issued by the SAT on November 6, 2008 and implemented therefrom, further clarified that a PRC resident enterprise shall withhold enterprise income tax at a rate of 10% on the dividends of the year 2008 and onwards distributed to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC law. However, if the beneficial owner of the dividends is a Hong Kong resident, then the levied taxes shall not exceed: (i) 5% of the total dividends if the beneficial owner is a company owns directly at least 25% of the equity interest in the company paying the dividends, or (ii) 10% of the total dividends under the other circumstances. Pursuant to the Fifth Protocol of the Arrangement, although there are other provisions under the Arrangement, if, after taking into account all relevant facts and conditions, one of the primary purposes for the arrangement or transaction which will bring any direct or indirect benefits under this Arrangement is reasonably deemed to obtaining such benefit, then such benefits shall not be granted with respect to the relevant income, unless it can be confirmed that the grant of benefits under such circumstance is consistent with the purpose and goal of the relevant provisions of this Arrangement.

Additionally, pursuant to the Notice on Issues Relating to the Implementation of the Dividend Clauses in the Tax Treaties, where a PRC resident company pays dividends to a Hong Kong resident and the Hong Kong resident (or person collecting the dividends) is the beneficial owner of the dividends, the dividends obtained by the Hong Kong resident is entitled to the treatment of the treaties, namely that the income tax payable in the PRC by the Hong Kong resident shall be calculated at the tax rate prescribed in the treaties. If the tax rate prescribed in the treaties is higher than that provided in the tax laws of the PRC, the taxpayer may pay taxes in accordance with the tax laws of the PRC. A taxpayer who intends to enjoy the treatment of the treaties prescribed in the preceding paragraph shall satisfy all the following conditions: (i) a taxpayer eligible for the treatment of the treaties shall be a Hong Kong resident, (ii) a taxpayer eligible for the treatment of the treaties shall be the beneficial owner of the relevant dividends, (iii) dividends eligible for the treatment of the treaties shall be equity investment gains such as dividends and bonuses which are recognized in accordance with the tax laws of the PRC, and (iv) other conditions as prescribed by the SAT. Pursuant to the provisions of relevant dividend clauses in the tax treaties, where a Hong Kong resident directly owns over a certain proportion of equity interest in the PRC resident company paying the dividends, the tax of the dividends obtained by the Hong Kong resident may be levied at the rate prescribed in the tax treaties. A Hong Kong resident who intends to enjoy such treatment of the tax treaties shall satisfy all the following conditions: (i) the Hong Kong resident obtaining the dividends shall be a company according to the provisions of tax treaties, (ii) the proportion directly owned by the Hong Kong resident in the total proprietary interest and voting shares of the PRC resident company shall comply with the prescribed proportion, (iii) the proportion directly owned by the Hong Kong resident in the equity interest of the PRC

resident company shall comply with the proportion prescribed in the tax treaties at any time within 12 consecutive months prior to the obtaining of dividends. A transaction or arrangement for which the primary purpose is to obtain a preferential tax position shall not constitute the reason for the application of treatment of the treaties; where a taxpayer enjoys unjustifiably the treatment of the tax treaties due to such transaction or arrangement, the competent tax authorities shall have the rights to make adjustments thereto.

(c) Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau Special Administrative Region shall be granted to preferential tax rates on dividends from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau Special Administrative Region respectively and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise which is granted to a preferential tax rate under a relevant tax treaty or arrangement may apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and tax calculated according to the preferential tax rate stipulated by the relevant treaties or arrangements, and such application shall be subject to the approval by the PRC tax authorities.

(2) Taxation relating to Share Transfer

(a) Individual Investors

Pursuant to the IIT Law and the Implementation Regulations for the IIT Law, gains on transfer of properties (including gains derived by individuals from the transfer of priced securities, equity, shares of property in a partnership enterprise) in subject to individual income tax at the rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to Be Exempted over Individual Gains from Transfer of Shares (Cai Shui Zi [1998] No. 61) (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知(財税字[1998]61號)) issued jointly by the Ministry of Finance and the SAT on March 30, 1998 and implemented therefrom, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax.

(b) Enterprise Investors

Pursuant to the EIT Law and the Implementation Regulations for the EIT Law, a non-resident enterprise is subject to enterprise income tax for its PRC-sourced income (including gains from transfers of equity investments in PRC enterprises), but shall be at a reduced tax rate of 10%, if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premises in the PRC. The aforementioned

income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable.

(c) Equity Incentive Plans

On February 15, 2012, the SAFE issued the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the "**Equity Incentive Rules**"). Pursuant to the Equity Incentive Rules, all individuals (including PRC citizens and the foreigners who have continuously resided within the territory of the PRC for one year, except the foreign diplomatic personnel and representatives of international organizations stationed in the PRC) participating in the same equity incentive plan of an overseas listed company shall collectively entrust a domestic agency (the "**Domestic Agency**") to deal with the relevant matters, such as foreign exchange registration, account opening, and transfer, remittance and exchange of funds, through their domestic company. The Domestic Agency shall open a special domestic account for foreign exchange at a bank with the foreign exchange registration certificate for the equity incentive plan. The incomes of the account include the foreign exchange funds transferred from individual's foreign exchange deposit accounts, the foreign exchange funds obtained from the purchase of foreign exchange by the Domestic Agency for the individuals, principals and proceeds repatriated after the sale of the shares or equities under the equity incentive plan by the individuals, the dividend funds repatriated, and other incomes approved by the local branch of the SAFE. The payments of the account include the outbound payments of the funds required for the participation in the equity incentive plan, foreign exchange settlement of the funds repatriated, the funds transferred into the individual's foreign exchange deposit accounts, and other payments approved by the local branch of the SAFE. The Domestic Agency shall, upon the significant changes or the termination of the equity incentive plan of the overseas listed company, carry out the registration of change of deregistration with the local branch of the SAFE.

8. Regulations relating to Information Security and Data Privacy

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法) (the "**Data Security Law**"), which became effective from September 1, 2021. According to the Data Security Law, a data classification protection system shall be established to protect data by classification. Entities engaged in data processing activities shall, in accordance with the laws and regulations, establish a sound whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Civil Code, personal information of natural persons is protected by law. Any organization or individual that needs to obtain personal information of others shall obtain legally and ensure the information security, and shall not illegally collect, use, process,

transmit, trade, provide or disclose personal information of others. The Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) promulgated by the SCNPC on August 20, 2021 and effective from November 1, 2021 further emphasized the duties and responsibilities of the processing personnel for the protection of personal information, and provided stricter protection measures for processing sensitive personal information.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (中華人民共和國網絡安全法) (the "**Cybersecurity Law**"), which became effective from June 1, 2017. According to the Cybersecurity Law, network operators shall abide by the principles of legality, legitimacy and necessity when collecting and using personal information. Network operators shall disclose the rules for collection and use, specify the purpose, methods and scope of collection and use of information, and obtain consent from the persons whose personal information is collected, when collecting and using personal information. Network operators shall not collect the personal information irrelevant to the services they provide, nor disclose, tamper with or damage the personal information they collect, and shall not provide relevant personal information to others without the prior consent of the persons whose personal information is collected, except for the personal information that cannot be identified and restored after processing.

On July 7, 2022, the CAC issued the Measures on Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法) (the "**Cross-border Data Transfer Measures**") which became effective on September 1, 2022. It is applicable the security assessment relating to the cross-border transfers of personal information and important data collected and generated in China under certain circumstances. Pursuant to the Cross-border Data Transfer Measures, data processors providing outbound data shall apply for outbound data transfer security assessment with CAC in any of the following circumstances: (i) where a data processor provides important data abroad; (ii) where a critical information infrastructure operator (the "CIIO") or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers are required.

As of the Latest Practicable Date, our data is stored on servers located within the territory of mainland China, and we are not aware of our current business operations may trigger the application of the outbound data transfer security assessment with CAC under the Cross-border Data Transfer Measures.

On March 22, 2024, the CAC promulgated Provisions on Promoting and Regulating Cross-border Data Flows (促進和規範數據跨境流動規定), which took effect on March 22, 2024. According to the provisions, data processors providing outbound data shall apply for outbound data transfer security assessment with CAC in any of the following circumstances: (i) where a CIIO provides personal information or important data abroad; (ii) where any data processor other than a CIIO provides important data abroad or, as of January 1 of the current year, provides personal information (excluding sensitive personal information) of not less than

1 million people or sensitive personal information of not less than 10,000 people in aggregate to overseas parties. If the data have not been informed or publicly announced as important data by relevant departments or regions, data processors are not required to declare security assessment for cross-border provision of the data as important data.

On July 12, 2018, the NHC issued the Administrative Measures on National Health and Medical Care Big Data Standards, Security and Services (Trial) (國家健康醫療大數據標準、安全和服務管理辦法(試行)) (the "**Measures on Health and Medical Care Big Data**"), which became effective on the same day. The Measures on Health and Medical Care Big Data provided the guidelines and principles of health and medical big data standard management, security management and service management. According to the Measures on Health and Medical Care Big Data, the NHC, together with other relevant departments, is responsible for the management of national health and medical care big data, while the authorities of health above the county level, together with other relevant departments, are responsible for the management of health and medical care big data within their respective administrative regions. Medical institutions and relevant enterprises, including those engaged by medical institutions to store or operate health and medical care big data, shall take measures, such as data classification, important data backup and encryption, to ensure the security of health and medical care big data, and provide secured channels for the query and replication of information. The responsible parties shall, pursuant to the Cybersecurity Law, strictly control the authorization to users at different levels to access and use data, and ensure the use of data within the scope of authorization. Without authorization, no unit or individual shall use or disseminate any health and medical care big data or data beyond the scope of authorization, nor obtain any data in illegal ways. The responsible parties shall abide by the relevant regulations when disclosing health and medical care big data, shall not divulge state secrets, trade secrets or personal privacy, shall not infringe upon the interests of the state or the public, and shall not infringe upon the legitimate rights and interests of citizens, enterprise entities or other organizations.

9. Regulations relating to Overseas Listing

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**Trial Measures**") and relevant five guidelines. The Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime.

According to the Trial Measures, a domestic company seeking direct overseas offering and listing shall file with the CSRC, submit the filing report, legal opinions and other relevant materials as required under the Trial Measures, and state the shareholders' information and other matters in a truthful, accurate and complete manner. Where a domestic company submits an application for initial public offering to the competent overseas regulators, such domestic company shall file with the CSRC within three business days after such application is

submitted. The Trial Measures also require subsequent reports to be filed with the CSRC on material events, such as a change-of-control event, or voluntary or forced delisting of the issuer who has completed the overseas offering and listing. If the issuer fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarified that, a domestic company that has already obtained the approval document from the CSRC for overseas public offering and listing may proceed with the overseas listing within the validity period of the approval document. Where the overseas listing has not been completed upon the expiration of the approval document, filing procedures specified in the Trial Measures shall be made as required.

10. Regulations relating to H Share Full Circulation

"Full circulation" refers to the listing and circulation of the domestic unlisted shares of an H-share listed company on the Stock Exchange of Hong Kong Limited, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines on the Application of "Full Circulation" of Domestic Unlisted Shares by H-share Companies (Announcement of the CSRC [2019] No. 22) (H股公司境內未上市股份申請"全流通"業務指引) (the "**Guidelines on 'Full Circulation'**") and last amended on August 10, 2023. According to the Guidelines on "Full Circulation," provided that the requirements set out in the relevant laws and regulations and in the policies for state-owned assets management, foreign investments and industry regulation are satisfied, the shareholders of domestic unlisted shares may decide at their own discretion through negotiation the amount and proportion of shares applying for circulation, and entrust the H-share Listed Company to submit the application for "full circulation." The H-share Listed Company shall apply to the CSRC for "full circulation" in accordance with the administrative licensing procedures required for the "examination and approval of overseas public offering and listing of shares (including additional issuance) by joint stock companies." Upon approval of the application for "full circulation" by the CSRC, the H-share Listed Company shall submit a report to the CSRC within 15 days after completion of the registration of shares involved in the application with the China Securities Depository and Clearing Co., Ltd. (the "**CSDC**"). Pursuant to the Trial Measures, for a domestic company seeking direct overseas listing, the shareholders holding the domestic unlisted shares of such domestic company who apply for the conversion of the domestic unlisted shares into overseas listed shares shall comply with the relevant provisions of the CSRC and entrust such domestic company to file with the CSRC.

On December 31, 2019, the CSDC and Shenzhen Stock Exchange jointly issued the Implementation Measures for H-share "Full Circulation" Business (H股"全流通"業務實施細則), which applied to the cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominee holders and other businesses in relation to H-share "full circulation" business.

In order to fully promote the reform of H-share "full circulation" and specify the business arrangements and procedures for registration, custody, settlement and delivery of relevant shares, the CSDC issued the Circular on Issuing the Guidance for H-share "Full Circulation" (關於發佈《H股"全流通"業務指南》的通知) on February 7, 2020, which specified the business preparation, account arrangements, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, the China Securities Depository and Clearing (Hong Kong) Co., Ltd. (the "**CSDC (Hong Kong)**") issued the Guidance of the China Securities Depository and Clearing (Hong Kong) Co., Ltd. For H-share "Full Circulation" (中國證券登記結算(香港)有限公司H股"全流通"業務指南), which specified the custody, deposit, agent services, settlement and delivery arrangements by the CSDC (Hong Kong) and other relevant matters.

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment.

Our Company was incorporated as a joint stock company with limited liability in the PRC on November 2, 2017. Dr. Wu, the chairperson of our Board, our executive Director and chief executive officer, has led the overall operations and management of our Group since he founded our Group in November 2017. For more details of the experience and qualifications of Dr. Wu, see "Directors, Supervisors and Senior Management" in this prospectus.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2017	We were incorporated as a joint stock company with limited liability in the PRC on November 2, 2017
2018	We completed the Angel Investment and raised RMB20.0 million in June
2019	We completed the Series A Financing and raised RMB30.0 million in April
	We obtained the IND approval from the NMPA for conducting Phase I and Phase II clinical trials of TY-9591 in patients with advanced malignant tumors in October
2021	We completed the Series B Financing and raised RMB230.0 million in April
	We completed the Series B+ Financing and raised RMB158.7 million in August
	We obtained IND approvals from the NMPA for the Phase I and Phase II clinical trial of TY-302 in combination with toremifene citrate in advanced solid tumors, especially in relapsed or metastatic ER+/HER2− breast cancer in November

Year	Milestone
	We obtained the IND approval for conducting Phase I and II clinical trials of TY-2136b in the U.S. for the treatment of solid tumors from the FDA in November
2022	We obtained NMPA approval for the registrational Phase III trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation in March
	We completed the Phase I clinical trial of TY-9591 monotherapy in healthy adult subjects in May
	We completed the Series C Financing and raised RMB325.0 million in March
2023	We initiated the Phase I clinical trial of TY-2136b monotherapy in advanced or metastatic solid tumors in the U.S. in April
	We completed the Phase I clinical trial of TY-9591 monotherapy in advanced NSCLC in May
	We obtained NMPA approval for the pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations in April
	We received the Orphan Drug Designation of TY-2136b from the FDA in September
	We completed the Series D Financing and raised RMB185.0 million in December
2024	We received IND approval from the NMPA for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had five subsidiaries, details of which are set forth below:

Subsidiaries	Date and place of incorporation	Registered capital/ issued share capital	Principal business activities
Shanghai TYK	May 25, 2020; PRC	RMB100,000,000	Administrative headquarters
Zhengzhou TYK	October 28, 2020; PRC	RMB45,000,000	Research and development
Changxing Kangyuan[(1)]	March 25, 2021; PRC	RMB20,000,000	No substantive business activities
Shanghai Yabao[(2)]	November 22, 2021; PRC	RMB40,000,000	No substantive business activities
TYK USA	May 16, 2023; U.S.	USD1,000,000	No substantive business activities

Note:

(1) During the Track Record Period and as of the Latest Practicable Date, Changxing Kangyuan did not have any substantive business and held a parcel of land on which we are in the process of establishing our in-house cGMP-compliant manufacturing facility in anticipation of the commercialization of our Core Product TY-9591 and Key Product TY-302. For further details, see "Business — Manufacturing and Control — Manufacturing Facility" and Appendix III to this prospectus.

(2) During the Track Record Period and as of the Latest Practicable Date, Shanghai Yabao did not have any substantive business activities and merely held a parcel of land. We have entered into an equity transfer agreement dated December 18, 2023 and supplemental agreements dated March 13, 2024 and June 5, 2024 to transfer the entire equity interest of Shanghai Yabao to an Independent Third Party at the consideration of RMB34,900,000, which was determined by the parties based on arm's length negotiation and we are in the process of completing this transaction. For further details of the parcel of land held by Shanghai Yabao, see "Business — Properties — Owned Properties" in this prospectus.

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of Our Company

On November 2, 2017, our Company was incorporated as a joint stock company with limited liability under the laws of the PRC, with an initial registered capital of RMB110,000,000. The shareholding structure of our Company upon incorporation is set forth in the table below:

Shareholders	Number of Shares subscribed for	Approximate corresponding equity interest in our Company
		(%)
Tetranov Pharmaceutical[(1)]	100,000,000	90.91
Pivot Pharma Tech (Shanghai) Co., Ltd. (貝沃特醫藥技術(上海)有限公司) ("**Pivot Pharma**")[(2)]	10,000,000	9.09
Total	**110,000,000**	**100.00**

Notes:

(1) Tetranov Pharmaceutical is a joint stock company with limited liability incorporated in the PRC on November 26, 2007 and is one of our Controlling Shareholders. Since incorporation, Tetranov Pharmaceutical primarily engaged in the provision of customized pharmaceutical intermediates synthesis services until 2020 when it ceased all its business operation after discussion with the relevant Pre-IPO Investors to have a clear business structure and became an investment holding vehicle. At the time of establishment of our Company, Dr. Wu together with Zhengzhou Hongnuo which was then controlled by Ms. ZHOU Zhixian (周稚仙), mother of Dr. Wu, held approximately 47.52% interest in Tetranov Pharmaceutical. In May 2020, Ms. ZHOU Zhixian (周稚仙) further transferred all her partnership interest in Zhengzhou Hongnuo to Dr. Wu's controlled entity, Huzhou Derui. For further details, see "Relationship with Our Controlling Shareholders" in this prospectus.

Tetranov Pharmaceutical made the capital contribution by transferring certain intellectual property rights to our Company, including intellectual property rights of TY-302, with reference to the valuation of such intellectual property rights as determined by a valuation report issued by an independent valuer.

(2) Pivot Pharma is a limited liability established in the PRC and has been wholly owned by Dr. GU Eric Hong (顧虹), our non-executive Director since January 2014. For further details of Dr. Gu, see "Directors, Supervisors and Senior Management" in this prospectus.

(2) Major Shareholding Changes of Our Company

(a) Angel Investment

Pursuant to the shareholders' resolution of our Company dated April 25, 2018, our registered capital was increased from RMB110,000,000 to RMB130,000,000, and Chengdu Boyuan Jiayu Venture Capital Partnership (Limited Partnership) (成都博遠嘉昱創業投資合夥企業(有限合夥)) ("**Chengdu Boyuan**") agreed to subscribe for 20,000,000 Shares (representing approximately 15.38% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB20,000,000 (the "**Angel Investment**"). The aforementioned capital increase was completed on May 24, 2018.

Chengdu Boyuan is a Pre-IPO Investor. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

(b) Shares Subscription by Changxing Liyuan in September 2018

Pursuant to the shareholders' resolution of our Company dated September 5, 2018, our registered capital was increased from RMB130,000,000 to RMB147,000,000, and Changxing Liyuan agreed to subscribe for 17,000,000 Shares (representing approximately 11.56% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB17,000,000. The aforementioned capital increase was completed on September 6, 2018.

Changxing Liyuan is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhengzhou Derui, which is wholly owned by Dr. Wu. At the time of share subscription by Changxing Liyuan in our Company in September 2018, the sole limited partner of Changxing Liyuan was Changxing Rongjun Investment Partnership (Limited Partnership) (長興榮俊投資合夥企業(有限合夥)) ("**Changxing Rongjun**"), whose partners are two individuals and personal friends of Dr. Wu. From August 2018, Dr. Wu entered into nominee shareholding agreements with respect to a total of 8,250,000 underlying Shares, pursuant to which he held such Shares on trust for 12 individuals beneficial owners (who are employees or former employees of our Group or personal friends of Dr. Wu) and an investment vehicle of two individual beneficial owners (who are employees of the executive partner of Hangzhou Qizhen (being our Pre-IPO Investor)), who funded the subscription of 8,250,000 Shares by Changxing Liyuan, through Changxing Liyuan and Zhengzhou Derui with certain of its partnership interest in Changxing Liyuan. Pursuant to the nominee shareholding agreement entered into by and between Dr. Wu and each of such individuals or the investment vehicle (each a "**Beneficial Owner**"), the Beneficial Owner is entitled to shareholder rights and assumes shareholder obligations in accordance with the PRC Company Law and the articles of association of the Company, including voting right and rights to receive dividend, and Dr. Wu shall not dispose the relevant underlying Shares without the prior written consent of the Beneficial Owner. There is no consideration for such nominee shareholding arrangement. As of July 2024, all the nominee shareholding agreements with the Beneficial Owners had been terminated.

The nominee shareholding arrangements were in place as the size of investments of these ultimate beneficial owners were relatively small and they preferred not to be involved in administrative procedures at early stage in light of its complexity (including the inconvenience of undergoing each subsequent shareholding change procedures) so as to facilitate the management of our Company while merely enjoying economic benefits of their investments.

In order to unwind the nominee shareholding arrangements and reflect the Nominee Shareholders' actual interest, the nominee shareholding arrangements were terminated and all the then existing Beneficial Owners became registered limited partners of Changxing Liyuan by July 2024. For further information on Changxing Liyuan and its existing limited partners, see "— Corporate Structure Immediately Before Completion of the Global Offering" in this section.

As of the Latest Practicable Date, there had been no legal proceedings between Dr. Wu and any of the beneficial owners in respect of the nominee shareholding arrangements. Our PRC legal advisers have confirmed that the nominee shareholding arrangements do not violate applicable mandatory PRC laws and regulations.

(c) Series A Financing and Shares Subscription by Changxing Liyuan in May 2019

Pursuant to the shareholders' resolution of our Company dated April 15, 2019, our registered capital increased from RMB147,000,000 to RMB168,000,000, and (i) Changsanjiao Tengyuan (Changxing) Medical Equity Investment Partnership (Limited Partnership) (長三角騰遠(長興)醫療股權投資合夥企業(有限合夥)) ("**Changsanjiao Tengyuan**") agreed to subscribe for 12,600,000 Shares (representing 7.50% equity interest in our Company upon completion of the capital increase) at a consideration of RMB30,000,000 (the "**Series A Financing**"); and (ii) Changxing Liyuan agreed to subscribe for 8,400,000 Shares (representing 5.00% equity interest in our Company upon completion of the capital increase) at a consideration of RMB20,000,000. The aforementioned capital increase and share subscriptions were completed on May 14, 2019.

Changsanjiao Tengyuan is a Pre-IPO Investor. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

The subscription for 8,400,000 Shares were made by Zhengzhou Derui through Changxing Liyuan for future employee incentive purposes, among which 3,780,000 Shares were transferred from Changxing Liyuan to Changxing Caiyuan, one of our ESOP Platforms, on January 9, 2024. Such share transfer was made at nil consideration given the subscription amount payable by Changxing Liyuan has not been settled at the time of the transfer and such consideration was settled by Changxing Caiyuan on January 26, 2024. For further details of Changxing Caiyuan, see "— Employee Incentive Platforms" in this section.

(d) Series B Financing and Shares Subscription by Changxing Liyuan in January 2021

Pursuant to the shareholders' resolution of our Company dated December 13, 2020, our registered capital increased from RMB168,000,000 to RMB230,400,000, and the relevant subscribers agreed to subscribe for a total number of 62,400,000 Shares (representing approximately 27.08% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB260,000,000 (save for the subscription by Changxing Liyuan, the aforementioned subscriptions are collectively referred to as "**Series B Financing**"). The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Jiangsu Addor Capital Results Innovation Venture Capital Fund (Limited Partnership) (江蘇毅達成果創新創業投資基金(有限合夥)) ("**Addor Results**")	9,600,000	40,000,000	4.17
Jiangsu Small and Medium Enterprises Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合夥)) ("**Jiangsu SME**")	7,200,000	30,000,000	3.13
Jiangsu Talent Innovation Venture Capital Fund IV (Limited Partnership) (江蘇人才創新創業投資四期基金(有限合夥)) ("**Jiangsu Talent**")	3,600,000	15,000,000	1.56
Kunshan Huachuang Yida Biomedical Equity Investment Enterprise (Limited Partnership) (昆山華創毅達生醫股權投資企業(有限合夥)) ("**Huachuang Yida**")	7,200,000	30,000,000	3.13
Zhuzhou Guochuang Junhe Investment Partnership (Limited Partnership) (株洲市國創君和投資合夥企業(有限合夥)) ("**Guochuang Junhe**")	5,400,000	22,500,000	2.34

Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Xiamen Ronghui Hongshang Equity Investment Partnership (Limited Partnership) (廈門融匯弘上股權投資合夥企業(有限合夥)) ("**Ronghui Hongshang**")	7,200,000	30,000,000	3.13
Hangzhou Sanhua Hongdao Venture Capital Partnership (Limited Partnership) (杭州三花弘道創業投資合夥企業(有限合夥)) ("**Sanhua Hongdao**")	7,200,000	30,000,000	3.13
Ningbo Fuqi Venture Capital Partnership (Limited Partnership) (寧波複祺創業投資合夥企業(有限合夥)) ("**Fuqi Investment**")	7,200,000	30,000,000	3.13
Shanghai Fanxi Enterprise Management Partnership (Limited Partnership) (上海凡熹企業管理合夥企業(有限合夥)) ("**Shanghai Fanxi**")	600,000	2,500,000	0.26
Changxing Liyuan	7,200,000	30,000,000	3.13

The aforementioned capital increase was completed on January 11, 2021. Save for Changxing Liyuan, each of the above subscribers is our Pre-IPO Investor. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

The subscription for 7,200,000 Shares were made by Zhengzhou Derui through Changxing Liyuan for future employee incentive purposes, among which 4,800,000 Shares were transferred from Changxing Liyuan to Changxing Gangyuan, one of our ESOP Platforms, on January 9, 2024. Such share transfer was made at nil consideration given the subscription amount payable by Changxing Liyuan has not been settled at the time of the transfer and such consideration was settled by Changxing Gangyuan on January 26, 2024. For further details of Changxing Gangyuan, see "— Employee Incentive Platforms" in this section.

(e) Series B+ Financing

Pursuant to the shareholders' resolution of our Company dated July 7, 2021, our registered capital increased from RMB230,400,000 to RMB262,901,760, and the relevant subscribers agreed to subscribe for a total number of 32,501,760 Shares (representing approximately 12.38% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB158,700,000 (the "**Series B+ Financing**"). The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscribers	**Number of Shares subscribed for**	**Consideration**	**Approximate corresponding equity interest in our Company (upon completion of the capital increase)**
		(RMB)	*(%)*
Zhuzhou Guohai Guochuang Qianjin Pharmaceutical Venture Capital Partnership (Limited Partnership) (株洲市國海國創千金醫藥創業投資合夥企業(有限合夥)) ("**Guohai Guochuang**")[1]	6,144,000	30,000,000	2.34
Huzhou Haibang Shuhu Venture Capital Partnership (Limited Partnership) (湖州海邦數湖創業投資合夥企業(有限合夥)) ("**Haibang Shuhu**")[1]	3,072,000	15,000,000	1.17
Changxing Guohai Donghu Equity Investment Partnership (Limited Partnership) (長興國海東湖股權投資合夥企業(有限合夥)) ("**Changxing Guohai**")[1]	12,185,600	59,500,000	4.64
Jiaxing Wangying Shanghe Equity Investment Partnership (Limited Partnership) (嘉興望盈上和股權投資合夥企業(有限合夥)) ("**Wangying Shanghe**")[1]	1,884,160	9,200,000	0.72

Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Hangzhou Qizhen Future Innovation Equity Investment Partnership (Limited Partnership) (杭州啟真未來創新股權投資合夥企業(有限合夥)) ("**Hangzhou Qizhen**")[1]	4,096,000	20,000,000	1.56
Pingtan Wenzhou Ruixi Investment Partnership (Limited Partnership) (平潭文周瑞璽投資合夥企業(有限合夥)) ("**Wenzhou Ruixi**")[2]	5,120,000	25,000,000	1.95

Notes:

(1) Each of Guohai Guochuang, Haibang Shuhu, Changxing Guohai, Wangying Shanghe and Hangzhou Qizhen is our Pre-IPO Investor. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

(2) Wenzhou Ruixi transferred its entire equity interest in our Company to Zhuzhou Wenzhou Junzhe Venture Capital Partnership (Limited Partnership) (株洲市文周君喆創業投資合夥企業(有限合夥)) ("**Wenzhou Junzhe**") at nil consideration pursuant to the share transfer agreement dated July 22, 2021 given that the subscription amount payable by Wenzhou Ruixi as part of the Series B+ Financing has not been settled at the time of the transfer and such consideration was settled by Wenzhou Junze on August 27, 2021. For further details on Wenzhou Junzhe, our Pre-IPO Investor, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

The aforementioned capital increase was completed on July 22, 2021.

(f) Equity Transfers in December 2021

During the period from July 2021 to September 2021, the following parties entered into share transfer agreements, respectively, pursuant to which the following equity transfers were agreed:

Transferors	Transferees	Number of Shares transferred	Consideration	Approximate corresponding equity interest in our Company
			(RMB)	*(%)*
Chengdu Boyuan	Jiaxing Xingren Equity Investment Partnership (Limited Partnership) (嘉興行仁股權投資合夥企業(有限合夥)) ("**Jiaxing Xingren**")	2,380,952	10,000,000	0.91
	Hunan Xiangyi Investment Tongyuan No. 1 Venture Capital Partnership (Limited Partnership) (湖南湘醫投同源壹號創業投資合夥企業(有限合夥)) ("**Hunan Xiangyi**")	4,761,905	20,000,000	1.81
Changxing Liyuan	Shanghai Kaicheng Enterprise Management Consulting Partnership (Limited Partnership) (上海凱乘企業管理諮詢合夥企業(有限合夥)) ("**Shanghai Kaicheng**")	720,000	3,024,000	0.27
	Mr. Ji Aining (吉愛寧)	630,000	2,646,000	0.24
Pivot Pharma	Mr. Ji Aining (吉愛寧)	1,750,000	7,350,000	0.67

The aforementioned share transfers were completed on December 15, 2021. Jiaxing Xingren, Hunan Xiangyi, Shanghai Kaicheng and Mr. Ji Aining (吉愛寧) are Pre-IPO Investors. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

(g) Series C Financing

Pursuant to the capital increase agreements dated November 27, 2021 and December 27, 2021, respectively, the relevant subscribers agreed to subscribe for 40,687,178 Shares (representing approximately 13.40% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB325,000,000 (the "**Series C Financing**"). As such, the registered capital of our Company increased from RMB262,901,760 to RMB303,588,938 pursuant to the shareholders' resolution of our Company dated June 10, 2022.

The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscriber	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the share subscriptions)
		(RMB)	*(%)*
Ningbo Meishan Bonded Port Area Houyang Tongchi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚揚通馳投資管理合夥企業(有限合夥)) ("**Houyang Tongchi**")	5,258,035	42,000,000	1.73
Ningbo Meishan Bonded Port Area Houji Tongnuo Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚紀通諾投資管理合夥企業(有限合夥)) ("**Houji Tongnuo**")	14,146,619	113,000,000	4.66
Changxing Xingyin Equity Investment Partnership (Limited Partnership) (長興興銀股權投資合夥企業(有限合夥)) ("**Changxing Xingyin**")	10,015,305	80,000,000	3.30
Shenzhen Yangzi Xinkang Pharmaceutical Investment Enterprise (Limited Partnership) (深圳揚子鑫康醫藥投資企業(有限合夥)) ("**Yangzi Xinkang**")	6,259,566	50,000,000	2.06

Subscriber	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the share subscriptions)
		(RMB)	*(%)*
Zhejiang Silk Road Industrial Investment Fund Partnership (Limited Partnership) (浙江絲路產業投資基金合夥企業(有限合夥)) ("**Zhejiang Silk Road**")	5,007,653	40,000,000	1.65

The aforementioned capital increase was completed on June 16, 2022. The above subscribers are Pre-IPO Investors. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

(h) Equity Transfers in January 2022 and June 2022

In January 2022, Chengdu Boyuan entered into a share transfer agreement, Shanghai Ruiwu Investment Management Consulting Co., Ltd. (上海瑞悟投資管理諮詢有限公司) ("**Ruiwu Investment**") and Shanghai Kouweitang Catering Management Co., Ltd. (上海口未堂餐飲管理有限公司) ("**Kouweitang**"), pursuant to which Chengdu Boyuan agreed to transfer (i) 1,827,787 Shares to Ruiwu Investment (representing approximately 0.60% equity interest in our Company) at a consideration of RMB14,600,000, and (ii) 1,827,788 Shares to Kouweitang (representing approximately 0.60% equity interest in our Company) at a consideration of RMB14,600,000.

In June 2022, Ruiwu Investment and Kouweitang entered into a share transfer agreement with Yangzhou Zekang Equity Investment Partnership (Limited Partnership) (揚州澤康股權投資合夥企業(有限合夥)) ("**Yangzhou Zekang**") (formerly known as Guangdong Zekang Equity Investment Partnership (Limited Partnership) (廣東澤康股權投資合夥企業(有限合夥)), pursuant to which each of Ruiwu Investment and Kouweitang transferred all the Shares held by it to Yangzhou Zekang at a consideration of RMB20,500,000, respectively. For further details of Yangzhou Zekang, our Pre-IPO Investor, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

The aforementioned equity transfers were completed on June 16, 2022.

(i) Series D Financing

Pursuant to the capital increase agreements dated August 17, 2023 and December 20, 2023, the relevant subscribers agreed to subscribe for 19,366,880 Shares (representing approximately 6.00% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB185,000,000 (the "**Series D Financing**"). As such, the registered capital of our Company was increased from RMB303,588,938 to RMB322,955,818 pursuant to the shareholders' resolution dated December 29, 2023. The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscribers	**Number of Shares subscribed for**	**Consideration**	**Approximate corresponding equity interest in our Company (upon completion of the capital increase)**
		(RMB)	*(%)*
Huzhou Zhongjin Qihe Equity Investment Partnership (Limited Partnership) (湖州中金啟合股權投資合夥企業(有限合夥)) ("**CICC Qihe**")	5,234,292	50,000,000	1.62
Changxing Xinsheng Equity Investment Partnership (Limited Partnership) (長興鑫晟股權投資合夥企業(有限合夥)) ("**Changxing Xinsheng**")	3,140,575	30,000,000	0.97
Huzhou Talent Innovation Equity Investment Fund Partnership (Limited Partnership) (湖州市人才創新股權投資基金合夥企業(有限合夥)) ("**Huzhou Talent**")	523,429	5,000,000	0.16
Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) ("**Huiyu Pharmaceutical**")	10,468,584	100,000,000	3.24

The aforementioned capital increase was completed on January 15, 2024. The above subscribers are Pre-IPO Investors. For further details, see "— Principal Terms of the Pre-IPO Investments — (5) Information about our Pre-IPO Investors" in this section.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees, Changxing Caiyuan and Changxing Gangyuan were established in the PRC as our employee incentive platforms.

(1) Changxing Caiyuan

Changxing Caiyuan was established as a limited partnership under the laws of the PRC on July 19, 2023. Huzhou Derui is the general partner of Changxing Caiyuan and is responsible for the management of Changxing Caiyuan. As of the Latest Practicable Date, Changxing Caiyuan had 29 limited partners, including one Director, two senior management and 26 other existing employees of our Group, and directly held approximately 1.17% equity interest in our Company.

(2) Changxing Gangyuan

Changxing Gangyuan was established as a limited partnership under the laws of the PRC on July 18, 2023. Huzhou Derui is the general partner of Changxing Gangyuan and is responsible for the management of Changxing Gangyuan. As of the Latest Practicable Date, Changxing Gangyuan had 35 limited partners, including one Director, two Supervisors, two senior management and 30 other existing employees of our Group, and directly held approximately 1.49% equity interest in our Company.

For further details of our ESOP Platforms, see also "— Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Scheme" in Appendix VII to this prospectus.

EMPLOYEE INCENTIVE SCHEME

In recognition of the contribution of our employees, we have adopted the Employee Incentive Scheme. Pursuant to the Articles of Association and the Employee Incentive Scheme rules, our Board is responsible for reviewing and approving the implementation, alteration and termination of the Employee Incentive Scheme. Our Board has further established an employee equity incentive scheme daily management working committee (the "**Employee Incentive Scheme Working Committee**"), whose members are appointed at the sole discretion of our Board, to assist in the implementation of the Employee Incentive Scheme and carry out other matters delegated by our Board. The participants of the Employee Incentive Scheme include senior managers, key mid-level managers and core technical personnel of our Company as well as key employees with outstanding contributions who have been nominated by the chairman and approved by the Employee Incentive Scheme Working Committee (the "**Participants**").

Under the Employee Incentive Scheme rules, where the Participant's employment relationship with our Company terminates without misconduct during the lock-up period, or where the Participant applies to redeem his equity interest in the ESOP Platform, the relevant Participant shall, with the consent of the Employee Incentive Scheme Working Committee and

at the exit price calculated pursuant to the Employee Incentive Scheme, (i) transfer all of his equity interest in the ESOP Platform to the executive partner or any third party approved by the Employee Incentive Scheme Working Committee or (ii) withdraw the capital contribution corresponding to the partnership interest held by him in the ESOP Platforms, upon which the executive partner or any third party approved by the Employee Incentive Scheme Working Committee shall make the corresponding capital contribution to the ESOP Platform. Since the adoption of the Employee Incentive Scheme, no incentive awards have been redeemed. For more details of the Employee Incentive Scheme, see "Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Scheme" in Appendix VII to this prospectus.

Save as disclosed above and in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Scheme" in Appendix VII to this prospectus, as of the Latest Practicable Date, our Group does not have any outstanding share options, warrants, convertible debt securities or other convertible instruments, or similar rights convertible into our Shares.

PRINCIPAL TERMS OF THE PRE-IPO INVESTMENTS

(1) Overview

Our Company obtained several rounds of Pre-IPO Investments. For further details, see "— Establishment and Development of Our Company" in this section.

(2) Principal terms of the Pre-IPO Investments

The following table[(1)] summarizes the key terms of the Pre-IPO Investments:

	Angel Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series D Financing
Date(s) of agreement(s)	April 25, 2018	April 15, 2019	December 14, 2020	April 27, 2021; May 20, 2021	November 27, 2021; December 27, 2021	August 17, 2023; December 20, 2023
Number of Shares subscribed for	20,000,000	12,600,000	55,200,000	32,501,760	40,687,178	19,366,880
Number of Shares after each round of the Pre-IPO Investments	130,000,000	168,000,000[(2)]	230,400,000[(2)]	262,901,760	303,588,938	322,955,818
Amount of consideration paid	RMB20.0 million	RMB30.0 million	RMB230.0 million	RMB158.7 million	RMB325.0 million	RMB185.0 million
Post-money valuation of our Company *(approximation)*	RMB130.0 million	RMB399.8 million[(3)]	RMB960.8 million[(4)]	RMB1,283.0 million[(5)]	RMB2,425.7 million[(6)]	RMB3,084.2 million[(7)]

	Angel Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series D Financing
Date of payment of full consideration	June 1, 2018	April 15, 2019	April 8, 2021	August 27, 2021	March 31, 2022	December 27, 2023
Cost per Share paid *(approximation)*	RMB1.00	RMB2.38	RMB4.17	RMB4.88	RMB7.99	RMB9.55
Discount to the Offer Price[8][9] *(approximation)*	90.95%	78.47%	62.27%	55.85%	27.71%	13.59%
Basis of determination of the consideration	The considerations for each round of Pre-IPO Investments were determined based on arm's length negotiation between the relevant parties, after taking into consideration the timing of the investments and the status of our business operations and product development advancement.					
Lock-up period	All existing Shareholders (including the Pre-IPO Investors) shall not dispose of any of the Shares held by them within the 12 months following the Listing Date as required under the applicable PRC laws.					
Use of proceeds from the Pre-IPO Investments	Proceeds from the Pre-IPO Investments received by our Company have been utilized for principal business of our Group, including but not limited to research and development activities, procurement of materials and general working capital purposes. As of the Latest Practicable Date, approximately 80.0% of the net proceeds from the Pre-IPO Investments had been utilized.					
Strategic benefits to our Company brought by the Pre-IPO Investors	At the time of the Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-IPO Investors' investments in our Group and the knowledge and experience of the Pre-IPO Investors.					

Notes:

(1) The equity transfers during the period from July 2021 to September 2021 are not included in the above table as the consideration of the respective transfer in the aggregate amount of RMB43,020,000 was paid to Chengdu Boyuan, Wenzhou Ruixi, Changxing Liyuan and Pivot Pharma (instead of our Company) by the relevant Pre-IPO Investors, with the date of full settlement of consideration on September 23, 2021. The cost per Share of such equity transfers was RMB4.20. Based on the currency translation of HK$1 to RMB0.91343 and on the Offer Price of HK$12.10, the discount to the Offer Price of such equity transfers is approximately 62.00%. For details of such equity transfers, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company — (f) Equity Transfers in December 2021" in this section.

The equity transfers in January 2022 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB29,200,000 was paid to Chengdu Boyuan (instead of our Company) by the relevant Pre-IPO Investors, with the date of full settlement of consideration on August 1, 2022. The cost per Share of such equity transfers was RMB7.99. Based on the currency translation of HK$1 to RMB0.91343 and on the Offer Price of HK$12.10, the discount of the Offer Price of such equity transfers is approximately 27.71%. For details of such equity transfers, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company — (h) Equity Transfers in January 2022 and June 2022" in this section.

The equity transfers in June 2022 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB41,000,000 was paid to Ruiwu Investment and Kouweitang (instead of our Company) by the relevant Pre-IPO Investors, with the date of full settlement of consideration on January 18, 2024. The cost per Share of such equity transfers was RMB11.22. Based on the currency translation of HK$1 to RMB0.91343 and on the Offer Price of HK$12.10, the discount of the Offer Price of such equity transfers is approximately 1.52%. For details of such equity transfers in June 2022, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company — (h) Equity Transfers in January 2022 and June 2022" in this section.

(2) The total number of Shares after the Series A Financing and Series B Financing included the number of Shares subscribed for by Changxing Liyuan for future employee incentive purposes. For details, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company" in this section.

(3) The increase in valuation from the Angel Investment to the Series A Financing was primarily because we had made preliminary progress on the R&D that we have prepared the relevant materials for IND application for our Core Product TY-9591 and Key Product TY-302.

(4) The increase in valuation from the Series A Financing to the Series B Financing was primarily because we obtained NMPA approval for the Phase I clinical trial of TY-9591 monotherapy in advanced NSCLC in October 2019 and we out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon in August 2020.

(5) The increase in valuation from the Series B Financing to the Series B+ Financing was primarily due to the improvement of our cash flow after the Series B Financing and the fact that TY-9591 in patients with advanced NSCLC completed patient enrollment for Phase Ia, the dose-escalation phase, in March 2021.

(6) The increase in valuation from the Series B+ Financing to the Series C Financing was primarily because we obtained NMPA approval for the registrational Phase III trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation in March 2022.

(7) The increase in valuation from the Series C Financing to the Series D Financing was primarily because (a) NMPA agreed for us to conduct a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations for obtaining conditional marketing approval which enrolled the first patient in August 2023, (b) Phase III clinical trial of TY-9591 monotherapy as first-line treatment of brain metastatic NSCLC with EGFR L858R mutation enrolled the first patient in June 2022 and (c) we enrolled the first patient for Phase I clinical trial of TY-2136b monotherapy in advanced or metastatic solid tumors in April 2023.

(8) The increase in valuation of our Company upon Listing from Series D Financing has taken into account: (i) advancements in our business and pipeline products after the Series D Financing, for instance, (a) application for a registrational Phase III clinical trial of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations to the NMPA in January 2024; (b) receipt of IND approval from the NMPA for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March 2024; (c) IND application to the FDA for conducting clinical trials of TY-1054 in solid tumors and receipt of the implied approval in April 2024; and (d) IND application to the NMPA for conducting clinical trials of TY-1054 in solid tumors in April 2024; (ii) the difference in risk undertaken by the Pre-IPO Investors investing in a private company *vis-à-vis* investors investing in a public company; (iii) the premium attached to the Shares of our Company as they become freely tradeable upon Listing; and (iv) the expected capital raised from the Global Offering. For details of the aforesaid advancements in our business and pipeline products, see the section headed "Business" in this prospectus.

(9) Calculated based on the currency translation of HK$1 to RMB0.91343 and on the Offer Price of HK$12.10.

(3) Rights of the Pre-IPO Investors

The Pre-IPO Investors were granted customary special rights, including but not limited to the right of first refusal, tag-along right, pre-emptive right, anti-dilution right and redemption right. Pursuant to a termination agreement entered into among the Shareholders (including the Pre-IPO Investors) and our Company relating to such special rights dated January 17, 2024, the redemption right ceased to be effective from the day before the date of the first submission of the first listing application form for the Listing and all other special rights ceased to be effective upon Listing provided that all such special rights shall be automatically reinstated as if the termination of such rights had never taken place in the event where (i) our Company withdraws its application for the public offering, (ii) the Stock Exchange, the SFC or any

competent securities regulatory authority has decided not to approve or to reject the listing application of our Company or otherwise terminate the listing application review procedure, or (iii) our Company fails to complete the public offering within 14 months from the date of submission of the application to the Stock Exchange.

(4) Sole Sponsor's Confirmation

On the basis that (i) the considerations for the Pre-IPO Investments were and/or will be settled more than 28 clear days before the date of first submission of the Listing application to the Stock Exchange and no less than 120 clear days before the Listing Date; and (ii) the special rights granted to the Pre-IPO Investors had been suspended or terminated prior to the submission of the application for the Listing and/or will be terminated upon completion of the Listing, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

(5) Information about our Pre-IPO Investors

Our Pre-IPO Investors include sophisticated investors, namely Addor Results, Jiangsu SME, Jiangsu Talent, Houyang Tongchi and Houji Tongnuo which have made meaningful investment in our Company at least six months before the Listing Date. The background information on our Pre-IPO Investors which made meaningful investment in our Company is set out below. We became acquainted with the Pre-IPO Investors primarily through our business network or by introduction of our existing investors. To the best knowledge of our Directors, save as disclosed in this section, each of our Pre-IPO Investors and their respective general partner and limited partners (as applicable) is an Independent Third Party.

1. Chengdu Boyuan

Chengdu Boyuan is a limited partnership established under the laws of the PRC and is managed by its executive partner, Ningbo Meishan Free Trade Port Zone Borui Jiatian Equity Investment Management Partnership (Limited Partnership) (寧波梅山保税港區博睿嘉天股權投資管理合夥企業(有限合夥)). Ningbo Meishan Free Trade Port Zone Borui Jiatian Equity Investment Management Partnership (Limited Partnership) (寧波梅山保税港區博睿嘉天股權投資管理合夥企業(有限合夥)) is managed by Borui Yuye (Shanghai) Equity Investment Management Co., Ltd. (博睿瑜業(上海)股權投資管理有限公司) as its executive partner, which is in turn ultimately controlled by ZHI Ruwei (支汝葦). As of the Latest Practicable Date, Chengdu Boyuan had 28 limited partners, none of which held 30% or more partnership interests in Chengdu Boyuan.

Apart from the investment in our Company, Chengdu Boyuan has invested in other companies in the healthcare and biotech industry covering pharmaceutical, biotechnology, medical service and medical device sectors, such as Zhejiang Biosan Biochemical Technologies Co., Ltd. (浙江博聖生物技術股份有限公司), Haihe Biopharma Co., Ltd. (上海海和藥物研究開發股份有限公司) and Wecare-Probiotics Co., Ltd. (微康益生菌(蘇州)股份有限公司).

2. Changsanjiao Tengyuan

Changsanjiao Tengyuan is a limited partnership established under the laws of the PRC and is managed by its executive partner, Tengyuan (Shanghai) Enterprise Management Center (Limited Partnership) (騰遠(上海)企業管理中心(有限合夥)), whose executive partner is Ningbo Guoxing Lecheng Enterprise Management Consulting Co., Ltd. (寧波國興樂成企業管理諮詢有限公司), which in turn is wholly-owned by SUN Feng (孫烽). As of the Latest Practicable Date, Dr. Wu, through Zhengzhou Derui, held 33.3% interest in Tengyuan (Shanghai) Enterprise Management Center (Limited Partnership) (騰遠(上海)企業管理中心(有限合夥)). As of the Latest Practicable Date, Changsanjiao Tengyuan had four limited partners, among which Zhejiang Changxing Financial Holding Co., Ltd. (浙江長興金控控股股份有限公司) and Shanghai Zhaohao Real Estate Co., Ltd. (上海兆浩置業有限公司) were the largest limited partners, each holding approximately 39.84% partnership interest in Changsanjiao Tengyuan. Zhejiang Changxing Financial Holding Co., Ltd. (浙江長興金控控股股份有限公司) is ultimately owned by Changxing Economic Development Zone Investment Service Center (長興經濟開發區投資服務中心) and Shanghai Zhaohao Real Estate Co., Ltd. (上海兆浩置業有限公司) is ultimately controlled by ZHANG Yuqing (張玉清).

Changsanjiao Tengyuan primarily engages in equity investments in early stage innovative drug companies in the biomedical industry. Apart from its investment in our Company, its investment portfolio includes Yafei (Shanghai) Biopharma Technology Co., Ltd. (亞飛(上海)生物醫藥科技有限公司) and Shanghai Guanran Medical Technology Co., Ltd. (上海觀然醫療科技有限公司).

3. Addor Results, Jiangsu SME, Jiangsu Talent

Each of Addor Results and Jiangsu SME (formerly known as Small and Medium Enterprises Development Fund (Jiangsu Limited Partnership) (中小企業發展基金(江蘇有限合夥)) is a limited partnership established under the laws of the PRC and is managed by its executive partner, Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司) ("**Addor Capital Fund Management**"). As of the Latest Practicable Date, Addor Results had 43 limited partners and is held as to approximately 36.25% by Jiangsu Hi-tech Investment Group Co., Ltd. (江蘇高科技投資集團有限公司) ("**Govtor Capital**") as the largest and the only limited partner with 30% or more partnership interest in Addor Results. Govtor Capital is ultimately controlled by People's Government of Jiangsu Province (江蘇省人民政府). As of the Latest Practicable Date, Jiangsu SME had four limited partners and is held as to approximately 54.22% by Jiangsu Addor Small and Medium Sized Enterprise Development Fund (Limited Partnership) (江蘇毅達中小企業發展基金(有限合夥)) as the largest and the only limited partner with 30% or more partnership interest in Jiangsu SME, which in turn is managed by its executive partner, Addor Capital Fund Management. As of the Latest Practicable Date, Jiangsu Addor Small and Medium Sized Enterprise Development Fund (Limited Partnership) (江蘇毅達中小企業發展基金(有限合夥)) was managed by Addor Capital Fund Management as its executive partner. As of the Latest Practicable Date, Jiangsu Addor Small and Medium Sized Enterprise Development Fund (Limited Partnership) (江蘇毅達中小企業發展基金(有限合夥)) had 49 limited partners and was held as to approximately 35.07% by Govtor Capital as the largest and the only limited partner with 30% or more partnership interest.

Jiangsu Talent is a limited partnership established under the laws of the PRC and is managed by its executive partner, Nanjing Addor Equity Investment Management Enterprise (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)). The executive partner of Nanjing Addor Equity Investment Management Enterprise (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)) is Tibet Aida Huicheng Enterprise Management Co., Ltd.(西藏愛達匯承企業管理有限公司), which is wholly owned by Addor Capital Management. As of the Latest Practicable Date, Jiangsu Talent had 22 limited partners and is held as to 30% by Govtor Capital as the largest and the only limited partner with 30% or more partnership interests in Jiangsu Talent.

Addor Capital Fund Management is held as to approximately 40.68% by Nanjing Addor Capital Management Enterprise (Limited Partnership) (南京毅達資本管理企業(有限合夥)) ("**Nanjing Addor Capital Management**"), 35% by Govtor Capital and the remaining 24.32% by seven other institutional shareholders. Nanjing Addor Capital Management is managed by its executive partner, Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司), which in turn is owned by YING Wenlu (應文祿) as the largest shareholder holding approximately 22.45% equity interest and five other individuals, who are also limited partners of Nanjing Addor Capital Management. None of them held 30% or more interests in Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司) or Nanjing Addor Capital Management.

Established in 2014, Addor Capital Fund Management is an established private equity investment fund manager engaging in investments in healthcare, clean technology, new materials, advanced manufacturing and other industries in companies across all equity stages. As of September 30, 2023, Addor Capital Fund Management had total assets under management of approximately RMB128.5 billion, and its investment portfolio includes other pharmaceutical companies such as Shanghai Haoyuan Chemexpress Co. Ltd. (上海皓元醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688131), Shanghai Yizhong Pharmaceutical Co., Ltd. (上海誼眾藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688091), and BMC Medical Co., Ltd. (北京怡和嘉業醫療科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301367).

Addor Results primarily engages in equity investments in the national scientific and technological achievements transformation project database, including in the fields of biomedicine, medical equipment, medical services. As of September 30, 2023, Addor Results had total assets under management of approximately RMB1,000 million, and its investment portfolio includes other pharmaceutical companies such as BMC Medical Co., Ltd. (北京怡和嘉業醫療科技股份有限公司) and Jiangsu Cowin Biotech Co., Ltd. (江蘇康為世紀生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688426) ("**Jiangsu Cowin**").

Jiangsu SME primarily engages in venture capital investment in small and medium-sized enterprises. As of September 30, 2023, Jiangsu SME had total assets under management of approximately RMB7,290 million, and its investment portfolio includes other pharmaceutical companies such as Jiangsu Cowin, Wuxi NEST Biotechnology Co., Ltd. (無錫耐思生命科技股份有限公司) and Shandong Platinum Pharmaceutical Co., Ltd. (山東鉑源藥業股份有限公司).

Jiangsu Talent primarily engages in venture capital investment in the electronic information, chemical materials, advanced equipment manufacturing, and other fields. As of September 30, 2023, Jiangsu Talent had total assets under management of approximately RMB200 million, and its investment portfolio includes other pharmaceutical companies such as Jiangsu Changmei Medtech Co., Ltd. (江蘇常美醫療器械有限公司), Ningbo Sansheng Biological Technology Co., Ltd. (寧波三生生物科技股份有限公司) and Jiangsu Cowin.

To the best knowledge of our Directors, save for its investment in our Company and the nomination of Dr. MENG Xiaoying (孟曉英) (our non-executive Director), Addor Results, Jiangsu SME and Jiangsu Talent are Independent Third Parties.

4. Huachuang Yida

Huachuang Yida is a limited partnership established under the laws of the PRC and is managed by its executive partner, CDIB Yida Private Equity (Kunshan) Co., Ltd. (華創毅達(昆山)股權投資管理有限公司), which is ultimately controlled by CDIB Private Equity (Hong Kong) Corporation Limited, a Hong Kong private limited company, which in turn is an investment holding platform ultimately owned by China Development Financial Holding Corporation (中華開發金融控股公司), a Taiwan-based financial holding company listed on the Taipei Stock Exchange (stock code: 2883.TW). As of the Latest Practicable Date, Huachuang Yida had 14 limited partners, none of which held 30% or more partnership interests in Huachuang Yida.

Huachuang Yida is a professional healthcare fund focusing on investment in private companies in areas such as biotechnology, medical devices and in vitro diagnostics. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies such as Laekna, Inc. (來凱醫藥有限公司), a biotechnology company listed on the Stock Exchange (stock code: 2105), Suzhou Evopoint Biosciences Technology Co., Ltd. (蘇州信諾維醫藥科技股份有限公司) and XWPharma Ltd.

5. Guochuang Junhe, Shanghai Fanxi and Wenzhou Junzhe

Each of Guochuang Junhe and Wenzhou Junzhe is a limited partnership established under the laws of the PRC and is managed by its executive partner, Shanghai Wenzhou Investment Management Co., Ltd. (上海文周投資管理有限公司), which in turn is ultimately controlled by WANG Shuguang (王曙光). As of the Latest Practicable Date, Guochuang Junhe had two limited partners, namely Zhuzhou SAH Innovation & Entrepreneur Investment Co., Ltd. (株洲市國投創新創業投資有限公司) ("**Zhuzhou SAH**") which held 60% partnership interest and is ultimately controlled by the State-owned Assets Supervision and Administration Commission

of Zhuzhou Municipal Government (株洲市人民政府國有資產監督管理委員會), and CAI Xingang (蔡新剛) who held 36% partnership interest. As of the Latest Practicable Date, Wenzhou Junzhe had ten limited partners, including Guohai Guochuang and Sichuan Huiyu Pharmaceutical Technology Co, Ltd. (四川匯宇藥業科技有限公司) (a wholly owned subsidiary of Huiyu Pharmaceutical), none of which held 30% or more partnership interests in Wenzhou Junzhe.

Wenzhou Junzhe focuses on early and growth stage healthcare and medical investments. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies such as Ab&B Bio-Tech Co., Ltd. (江蘇中慧元通生物科技股份有限公司), Zhejiang Zhida Pharmaceutical Co., Ltd. (浙江智達藥業有限公司) and uBriGene Biotechnology Co., Ltd. (宜明細胞生物科技有限公司).

Shanghai Fanxi is a limited partnership established under the laws of the PRC and is managed and held as to 48% by its executive partner, WANG Shuguang (王曙光). As of the Latest Practicable Date, Shanghai Fanxi had only one limited partner, namely Zhuzhou Guoxin Ruiying Management Consulting Service Partnership Enterprise (Limited Partnership) (株洲市國鑫瑞盈管理諮詢服務合夥企業(有限合夥)), which held 52% partnership interest in Shanghai Fanxi. As of the Latest Practicable Date, Zhuzhou Guoxin Ruiying Management Consulting Service Partnership Enterprise (Limited Partnership) (株洲市國鑫瑞盈管理諮詢服務合夥企業(有限合夥)) was managed by LIU Hong (劉弘) as its executive partner and was held as to approximately 38.21% by HU Jing (胡靜) and approximately 30.23% by LIU Zihao (劉子豪) as the only two limited partners with 30% or more partnership interests.

6. Sanhua Hongdao

Sanhua Hongdao (formerly known as Hangzhou Sanhua Hongdao Equity Investment Partnership (Limited Partnership)) (杭州三花弘道股權投資合夥企業(有限合夥)) is a limited partnership established under the laws of the PRC and is managed by its executive partner, ZHANG Shaobo (張少波). As of the Latest Practicable Date, Sanhua Hongdao had two limited partners, and was held as to approximately 87.77% by Sanhua Holding Group Co., Ltd. (三花控股集團有限公司) as the largest limited partner. As of the Latest Practicable Date, Sanhua Holding Group Co., Ltd. (三花控股集團有限公司) was owned by more than 40 shareholders with each of them holding less than 30% of its equity interest.

Sanhua Hongdao primarily engages in equity investment in the fields of medical health, semiconductors and new materials. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies such as Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司), a company listed on the Stock Exchange (stock code: 2496), NovoCodex Biopharmaceuticals Co., Ltd. (浙江新碼生物醫藥有限公司), Beijing Health Guard Biotechnology Inc. (北京康樂衛士生物技術股份有限公司) and Genhouse Biomedical (Suzhou) Corporation Limited (勤浩醫藥(蘇州)有限公司).

7. Ronghui Hongshang

Ronghui Hongshang is a limited partnership established under the laws of the PRC and is managed by its executive partner, Xiamen Riverhead Investment Management Co., Ltd. (廈門陽光融匯投資管理有限公司). As of the Latest Practicable Date, Ronghui Hongshang had 12 limited partners, and was held as to approximately 48% by Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) as the largest and the only limited partner with 30% or more partnership interests in Ronghui Hongshang. As of the Latest Practicable Date, Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) is held as to approximately 99.99% by Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司), a company listed on the Stock Exchange (stock code: 6963).

Xiamen Riverhead Investment Management Co., Ltd. (廈門陽光融匯投資管理有限公司) is a wholly owned subsidiary of Riverhead Capital Investment Management Co., Ltd. (陽光融匯資本投資管理有限公司), which in turn is owned as to approximately 45% by Beijing Fitzgerald Equity Investment Management Center (Limited Partnership) (北京惠譽達股權投資管理中心(有限合夥)) as its largest shareholder. Beijing Fitzgerald Equity Investment Management Center (Limited Partnership) (北京惠譽達股權投資管理中心(有限合夥)) is managed by Tibet Longbo Enterprise Management Co., Ltd. (西藏隆博企業管理有限公司) as its executive partner, which in turn is ultimately controlled by ZHANG Wenwen (張文雯).

Ronghui Hongshang primarily engages in investment in non-publicly traded corporate equities in the fields of medical health and emerging industries. As of December 31, 2022, Ronghui Hongshang had total assets of approximately RMB1,426.0 million, and its investment portfolio includes other pharmaceutical companies including Sirnaomics Ltd., a company listed on the Stock Exchange (stock code: 2257), Zhuhai Trinomab Pharmaceutical Co., Ltd. (珠海泰諾麥博生物技術有限公司), Chengdu Qitan Technology Co., Ltd. (成都齊碳科技有限公司), Shandong Yingsheng Biotechnology Co., Ltd. (山東英盛生物技術有限公司), Jiangsu Care Medical Technology Co., Ltd. (江蘇關懷醫療科技有限公司), Kuanteng (Beijing) Medical Equipment Co., Ltd. (寬騰(北京)醫療器械有限公司), Moore Thread Intelligent Technology (Beijing) Co. Ltd. (摩爾線程智能科技(北京)有限責任公司) and Helmholtz Thermal & Transmission System Co., Ltd. (鎮江海姆霍茲傳熱傳動系統有限公司).

8. Fuqi Investment

Fuqi Investment is a limited partnership established under the laws of the PRC and is managed by its executive partner, Shanghai Fu Rong Investment Co., Ltd. (上海复容投資有限公司). As of the Latest Practicable Date, Shanghai Fu Rong Investment Co., Ltd. (上海复容投資有限公司) was held as to approximately 25% by Hangzhou Chuangtao Industrial Co., Ltd. (杭州創韜實業有限公司) as the largest shareholder. As of the Latest Practicable Date, Hangzhou Chuangtao Industrial Co., Ltd. (杭州創韜實業有限公司) was ultimately controlled by ZHOU Yimin (周益民). As of the Latest Practicable Date, Fuqi Investment had six limited partners, and was held as to approximately 40.54% by Ningbo Qianwan Emerging Industry Entrepreneurship Investment Co., Ltd. (寧波前灣新興產業創業投資有限公司) as the largest and the only limited partner with 30% or more partnership interests in Fuqi Investment. Ningbo Qianwan Emerging Industry Entrepreneurship Investment Co., Ltd. (寧波前灣新興產業創業投資有限公司) is ultimately controlled by the Ningbo Qianwan New Area Administrative Commission (寧波前灣新區管理委員會), an institution of Ningbo People's Government.

Fuqi Investment primarily engages in equity investments in the health, intelligent manufacturing, new energy and new materials fields. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies such as Shanghai Juncell Biotechnology Co., Ltd. (上海君賽生物科技有限公司), Shanghai Singlera Biotechnology Co., Ltd. (上海鵬遠生物技術有限公司), Yinjia (Shanghai) Biosciences Co., Ltd. (引加(上海)生物醫藥科技有限公司) and Shanghai Biointron Co., Ltd. (上海百英生物科技有限公司).

To the best knowledge of our Directors, save for its investment in our Company and the nomination of Ms. SHANG Jing (尚靜) (our Shareholder representative Supervisor), Fuqi Investment is an Independent Third Party.

9. Guohai Guochuang and Changxing Guohai

Each of Guohai Guochuang and Changxing Guohai is a limited partnership established under the laws of the PRC and is managed by its executive partner, Sealand Innovation Capital Investment Management Co., Ltd. (國海創新資本投資管理有限公司) ("**Sealand Innovation**"). Sealand Innovation is wholly owned by Sealand Securities Co., Ltd. (國海證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000750).

As of the Latest Practicable Date, Guohai Guochuang had two limited partners, namely Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. (株洲市國有資產投資控股集團有限公司), which held approximately 46.54% partnership interest in Guohai Guochuang and is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the Zhuzhou Municipal Government (株洲市人民政府國有資產監督管理委員會); and Zhuzhou Qianjin Pharmaceutical Co., Ltd. (株洲千金藥業股份有限公司), which held approximately 33.24% partnership interest in Guohai Guochuang and is a company listed on the Shanghai Stock Exchange (stock code: 600479).

As of the Latest Practicable Date, Changxing Guohai had one limited partner, namely Changxing Donghu Industrial Co., Ltd. (長興東湖實業有限公司), which held approximately 83.33% partnership interest in Changxing Guohai. Changxing Donghu Industrial Co., Ltd. (長興東湖實業有限公司) is owned as to 80% by Changxing County Taihu Sub-district Public Utility Service Center (長興縣太湖街道公共事業服務中心), a PRC public institution that is ultimately controlled by Taihu Sub-district Office of the People's Government of Changxing County (長興縣人民政府太湖街道辦事處), an agency of the People's Government of Changxing County.

Guohai Guochuang primarily engages in equity investments in the pharmaceutical and health fields. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies including Shanghai Mabgeek Biotechnology Co., Ltd. (上海麥濟生物技術有限公司), Burning Point (Nanjing) Biopharmaceutical Technology Co., Ltd (燃點(南京)生物醫藥科技有限公司), Ab&B Bio-Tech Co., Ltd. JS (江蘇中慧元通生物科技股份有限公司), Genhouse Biomedical (Suzhou) Corporation Limited (勤浩醫藥(蘇州)有限公司) and Chengdu Maxvax Biotechnology Co., Ltd. (成都邁科康生物科技有限公司).

10. Haibang Shuhu

Haibang Shuhu is a limited partnership established under the laws of the PRC and is managed by its executive partner is Hangzhou Haibang Fenghua Investment Management Co., Ltd. (杭州海邦澧華投資管理有限公司), which is ultimately controlled by XIE Li (謝力). As of the Latest Practicable Date, Haibang Shuhu had two limited partners, and was held as to 80% by Huzhou Talent Development Equity Investment Fund Partnership (Limited Partnership) (湖州市人才發展股權投資基金合夥企業(有限合夥)) as the largest limited partner.

Huzhou Talent Development Equity Investment Fund Partnership (Limited Partnership) (湖州市人才發展股權投資基金合夥企業(有限合夥)) is a limited partnership established under the laws of the PRC and is managed by its executive partner, Zhejiang Songguang Financial Management Co., Ltd. (浙江松光資產管理有限公司), which is wholly owned by LI Minfeng (李敏鋒). As of the Latest Practicable Date, Huzhou Talent Development Equity Investment Fund Partnership (Limited Partnership) (湖州市人才發展股權投資基金合夥企業(有限合夥)) had two limited partners, namely Huzhou Finance Investment Company (湖州金融投資公司) which held 40% partnership interest and was wholly owned by Huzhou Finance Bureau (湖州市財政局), and Huzhou Talent Development Group Co., Ltd. (湖州市人才發展集團有限公司) which held 59.9% partnership interest and was ultimately owned by State-owned Assets Supervision and Administration Commission of Huzhou Municipal Government (湖州市人民政府國有資產監督管理委員會).

Haibang Shuhu focuses on early and growth stage investments in the fields of digital economy, life and health, and new materials.

11. Wangying Shanghe

Wangying Shanghe is a limited partnership established under the laws of the PRC and is managed by its executive partner, Shanghai Wangying Investment Management Co., Ltd. (上海望盈投資管理有限公司) which is ultimately controlled by SUI Liyong (隋立勇). As of the Latest Practicable Date, Wangying Shanghe had one limited partner, namely Hangzhou Jinyue Relian Investment Management Partnership (Limited Partnership) (杭州錦岳熱聯投資管理合夥企業(有限合夥)), which held approximately 99.41% partnership interest in Wangying Shanghe and is managed by Hangzhou Jinyue Enterprise Management Consulting Co., Ltd. (杭州錦嶽企業管理諮詢有限公司) as its executive partner, which is ultimately controlled by LI Lihong (李利紅). As of the Latest Practicable Date, Hangzhou Jinyue Relian Investment Management Partnership (Limited Partnership) (杭州錦岳熱聯投資管理合夥企業(有限合夥)) only has one limited partner with approximately 91.67% partnership interest, namely Hangzhou Relian Group Co., Ltd. (杭州熱聯集團股份有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal Government (杭州市人民政府國有資產監督管理委員會).

Wangying Shanghe primarily engages in equity investments in the fields of medicine and new materials.

12. Hangzhou Qizhen

Hangzhou Qizhen is a limited partnership established under the laws of the PRC and is managed by its executive partner, Zheshang Venture Capital Co., Ltd. (浙商創投股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 834089). As of the Latest Practicable Date, Hangzhou Qizhen had seven limited partners, none of which held 30% or more partnership interests in Hangzhou Qizhen.

Hangzhou Qizhen primarily engages in equity investments in the healthcare, consumption, intelligent manufacturing, and high technology fields. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies listed on the Stock Exchange, such as Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司) (stock code: 2190) and HBM Holdings Limited (和鉑醫藥控股有限公司) (stock code: 2142).

13. Jiaxing Xingren

Jiaxing Xingren is a limited partnership established under the laws of the PRC and is managed by its executive partner, Henan Xingzhi Fund Management Co., Ltd. (河南行知基金管理有限公司), which in turn is held as to approximately 70% by HU Liheng (胡立恒) as its largest shareholder. As of the Latest Practicable Date, Jiaxing Xingren had four limited partners, and was held as to 50% by Zhengzhou Daohui Education Technology Co., Ltd. (鄭州道匯教育科技有限公司) as the largest and the only limited partner with 30% or more partnership interests in Jiaxing Xingren. Zhengzhou Daohui Education Technology Co., Ltd. (鄭州道匯教育科技有限公司) is wholly owned by ZHANG Xun (張勳).

Jiaxing Xingren primarily engages in equity investments in the pharmaceutical and medical, information technology, and new materials fields.

14. Hunan Xiangyi

Hunan Xiangyi is a limited partnership established under the laws of the PRC and is managed its executive partner, Hunan Xiangyi Investment Private Equity Fund Management Co., Ltd (湖南省湘醫投私募基金管理有限公司), which in turn is held as to 34%, 34% and 32%, respectively, by Shanghai Dongyuan Tiandong Investment Center (Limited Partnership) (上海東源添東投資中心(有限合夥)) (which is ultimately controlled by Ministry of Finance of the PRC (中華人民共和國財政部)), Hunan Xiangmin Investment Enterprise Management Co., Ltd. (湖南湘民投企業管理有限公司) (which is ultimately controlled by ZOU Jianmei (鄒建媚)), and Hunan Medical and Health Industry Investment Management Co., Ltd. (湖南省醫療健康產業投資管理股份有限公司) (which is ultimately controlled by seven institutional shareholders, none of which hold more than 15% equity interest). As of the Latest Practicable Date, Hunan Xiangyi had five limited partners and was held as to approximately 87.9% by Hainan Hemu Jiayuan Enterprise Management Consulting Partnership (Limited Partnership) (海南禾木嘉源企業管理諮詢合夥企業(有限合夥)) as the largest limited partner, which in turn is ultimately controlled by ZHANG Fengjun (張鳳君).

Hunan Xiangyi Investment Private Equity Fund Management Co., Ltd (湖南省湘醫投私募基金管理有限公司) primarily engages in equity investments in the pharmaceutical industry.

15. Shanghai Kaicheng

Shanghai Kaicheng is a limited partnership established under the laws of the PRC and is managed by its executive partner, Shanghai Kaicheng Financial Consulting Co., Ltd. (上海凱乘財務顧問有限公司), which is ultimately controlled by ZOU Guowen (鄒國文). As of the Latest Practicable Date, Shanghai Kaicheng had one limited partner, namely Tibet Tangfan Investment Co., Ltd (西藏唐蕃投資有限公司), which held approximately 66.67% partnership interest in Shanghai Kaicheng and is ultimately controlled by Jinmei Danzeng (晉美丹增).

Shanghai Kaicheng focuses on investments in biomedicine and medical technology industry. As of March 31, 2024, its investment portfolio includes other pharmaceutical companies such as Beijing Merisen Pharmaceutical Technology Co., Ltd. (北京邁瑞生醫藥科技有限公司) and Beijing GeneCradle Technology Co., Ltd. (北京錦籃基因科技有限公司).

16. Mr. JI Aining (吉愛寧)

Mr. JI Aining (吉愛寧) is an individual investor. He is the chairperson of the board of directors of Changzhou Runnuo Biotechnology Co., Ltd. (常州潤諾生物科技有限公司). He has conducted investments previously in certain biotechnology companies.

17. Houyang Tongchi and Houji Tongnuo

Each of Houyang Tongchi and Houji Tongnuo (formerly known as Ningbo Meishan Bonded Port Area Houyang Tongnuo Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚揚通諾投資管理合夥企業(有限合夥)) is a limited partnership established under the laws of the PRC and is managed by its executive partner, Beijing Huge Capital Management Co., Ltd. (北京厚紀景橋創業投資有限公司), which in turn is ultimately controlled by Mr. HE Chao (何超), our non-executive Director. As of the Latest Practicable Date, Beijing Huge Capital Management Co., Ltd. (北京厚紀景橋創業投資有限公司) had total assets under management of at least RMB1 billion.

As of the Latest Practicable Date, Houyang Tongchi had 18 limited partners and was held as to approximately 30.30% by Yantai Huayan Trading Co., Ltd. (煙台華衍商貿有限公司) ("**Yantai Huayan**") as the largest and the only limited partner with 30% or more partnership interest in Houyang Tongchi. As of the Latest Practicable Date, Houji Tongnuo had ten limited partners and was held as to approximately 50.29% by Yantai Huayan as the largest and the only limited partner with 30% or more partnership interest in Houji Tongnuo. Yantai Huayan is a limited liability company incorporated in the PRC in November 2009, which is primarily engaged in the wholesale and retail of textiles and is wholly owned by MOU Yanmin (牟衍敏).

Houyang Tongchi primarily engages in equity investments in the new energy, semiconductors, hard technology and healthcare fields. As of September 30, 2023, Houyang Tongchi had total assets under management of approximately RMB346.84 million and its investment portfolio includes other companies such as CapitalBio Technology Co., Ltd. (北京博奧晶典生物技術有限公司), Beijing Mabworks Biotech Co., Ltd. (北京天廣實生物技術股份有限公司) and Analogix (Suzhou) Semiconductor Co., Ltd. (矽榖數模(蘇州)半導體股份有限公司). Houji Tongnuo primarily seeks to focus on investments in the healthcare and high-end manufacturing industry. As of September 30, 2023, Houji Tongnuo had total assets under management of approximately RMB119.31 million.

Mr. HE Chao (何超) is our non-executive Director. For details of Mr. HE Chao (何超), see "Directors, Supervisors and Senior Management" in this prospectus.

18. Changxing Xingyin and Changxing Xinsheng

Each of Changxing Xingyin and Changxing Xinsheng is a limited partnership established under the laws of the PRC and is managed by its executive partner, Changxing Private Equity Fund Management Co., Ltd. (長興私募基金管理有限公司) ("**Changxing Fund**"). Changxing Fund is wholly owned by Changxing Financial Holding Equity Investment Co., Ltd. (長興金控股權投資有限公司), which is wholly owned by Zhejiang Changxing Financial Holding Group Co., Ltd. (浙江長興金融控股集團有限公司), which in turn is wholly owned by Changxing County Finance Bureau (State-owned Assets Supervision and Administration Office of Changxing County Government) (長興縣財政局(長興縣人民政府國有資產監督管理辦公室)) ("**Changxing County Finance Bureau**").

As of the Latest Practicable Date, Changxing Xingyin had one limited partner, namely Zhejiang Changxing Jiaotou Equity Investment Co., Ltd. (浙江長興交投股權投資有限公司), which held approximately 99.45% interest in Changxing Xingyin and is ultimately controlled by Changxing County Transportation Bureau (長興縣交通運輸局). As of the Latest Practicable Date, Changxing Xinsheng had one limited partner, namely Urban Co., Ltd. (都市股份有限公司), which held approximately 99.01% interest in Changxing Xinsheng and is ultimately controlled by Changxing County Finance Bureau.

19. Yangzi Xinkang

Yangzi Xinkang is a limited partnership established under the laws of the PRC and is managed by its executive partner, Qianhai Yangzijiang Fund Management (Shenzhen) Co., Ltd. (前海揚子江基金管理(深圳)有限公司), which in turn is held as to approximately 51.00% and 49.00% by FENG Ming (封明) and LUO Sai (羅賽), respectively. As of the Latest Practicable Date, Yangzi Xinkang had four limited partners and was held as to approximately 92.76% by Xizang Dingtai Enterprise Management Co., Ltd. (西藏鼎泰企業管理有限公司) as the largest limited partner, which is ultimately controlled by LI Yan (李燕).

20. Zhejiang Silk Road

Zhejiang Silk Road is a limited partnership established under the laws of the PRC and is managed by its executive partner, Zhejiang Silk Road Fund Management Co., Ltd. (浙江絲路產業基金有限公司), which is ultimately controlled by NAN Cunhui (南存輝). As of the Latest Practicable Date, Zhejiang Silk Road had seven limited partners and was held as to approximately 35.80% by Zhejiang United Investment Group Co., Ltd. (浙江民營企業聯合投資股份有限公司) as the largest and the only limited partner with 30% or more partnership interests in Zhejiang Silk Road. Zhejiang United Investment Group Co., Ltd. (浙江民營企業聯合投資股份有限公司) is ultimately controlled by NAN Cunhui (南存輝).

Zhejiang Silk Road focuses on primary market equity investment in the fields of advanced manufacturing, high-end equipment, biomedicine and consumer/enterprise services. As of March 31, 2024, Zhejiang Silk Road's investment portfolio includes other companies such as Guobang Pharma Group Co., Ltd. (國邦醫藥集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 605507).

21. Yangzhou Zekang

Yangzhou Zekang is a limited partnership established under the laws of the PRC and is managed by its executive partner, Nanjing Herun Zhicheng Private Equity Fund Management Co., Ltd. (南京和潤至成私募基金管理有限公司), which in turn is held as to 40% by Nanjing Herun Zhicheng Technology Partnership (Limited Partnership) (南京和潤至科技合夥企業(有限合夥)) as its largest shareholder. As of the Latest Practicable Date, the general partner of Nanjing Herun Zhicheng Technology Partnership (Limited Partnership) (南京和潤至成科技合夥企業(有限合夥)) was NIE Tingzai (聶廷再). As of the Latest Practicable Date, Yangzhou Zekang had three limited partners, with each of them holding approximately 32.61% partnership interest, including Guangzhou Zhonghe Yunsuan Capital Investment Partnership (Limited Partnership) (廣州中合雲算資本投資合夥企業(有限合夥)), Jiaxing Hanghan Gengzi III Equity Investment Partnership (Limited Partnership) (嘉興航瀚庚子叁號股權投資合夥企業(有限合夥)) and Nantong Mingwang Rongxin Longqin Investment Partnership (Limited Partnership) (南通銘旺榮昕龍沁投資合夥企業(有限合夥)).

Guangzhou Zhonghe Yunsuan Capital Investment Partnership (Limited Partnership) (廣州中合雲算資本投資合夥企業(有限合夥)) is a limited partnership established under the laws of the PRC and is managed by Shenzhen Zhonghe Fund Management Co., Ltd. (深圳市中合基金管理有限公司) as its executive partner, which is ultimately owned by HU Taozhi (胡桃枝). Jiaxing Hanghan Gengzi III Equity Investment Partnership (Limited Partnership) (嘉興航瀚庚子叁號股權投資合夥企業(有限合夥)) is a limited partnership established under the laws of the PRC and is managed by Shanghai Hanghan Asset Management Co., Ltd. (上海航瀚資產管理有限公司) as its executive partner, which is ultimately owned by HU Yongjie (胡勇傑). Nantong Mingwang Rongxin Longqin Investment Partnership (Limited Partnership) (南通銘旺榮昕龍沁投資合夥企業(有限合夥)) is a limited partnership established under the laws of the PRC and is managed by Jiangsu Mingwang Investment Fund Management Co., Ltd. (江蘇銘旺投資基金管理有限公司), which is owned as to 35%, 35% and 30% by QIN Hanzhong (秦漢忠), SHEN Shuoli (沈鑠力) and SHI Dongwei (施東衛), respectively.

22. CICC Qihe

CICC Qihe is a limited partnership established under the laws of the PRC whose general partners are CICC Private Equity Investment Management Co., Ltd. (中金私募股權投資管理有限公司) and Huzhou Small and Medium Enterprise Entrepreneurship Investment Co., Ltd. (湖州市中小企業創業投資有限公司). The executive partner and fund manager of CICC Qihe is CICC Private Equity Investment Management Co., Ltd. (中金私募股權投資管理有限公司), which in turn is wholly owned by China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 3908). As of the Latest Practicable Date, CICC Qihe had one limited partner, namely Huzhou Industrial Fund Investment Co., Ltd. (湖州市產業基金投資有限公司), which held 98% partnership interest in CICC Qihe and is ultimately controlled by State-owned Assets Supervision and Administration Commission of Huzhou Municipal Government (湖州市人民政府國有資產監督管理委員會).

23. Huzhou Talent

Huzhou Talent is a limited partnership established under the laws of the PRC and is managed by its executive partner, Huzhou Innovation and Venture Capital Co., Ltd. (湖州市創新創業投資有限公司) (formerly known as Huzhou Small and Medium Enterprise Entrepreneurship Investment Co., Ltd. (湖州市中小企業創業投資有限公司)). As of the Latest Practicable Date, Huzhou Talent had two limited partners, namely Huzhou Industrial Investment Development Group Co., Ltd. (湖州市產業投資發展集團有限公司) which held 59% partnership interest and Huzhou Industrial Fund Investment Co., Ltd. (湖州市產業基金投資有限公司) which held 40% partnership interest.

Huzhou Small and Medium Enterprise Entrepreneurship Investment Co., Ltd. (湖州市中小企業創業投資有限公司), Huzhou Industrial Investment Development Group Co., Ltd. (湖州市產業投資發展集團有限公司) and Huzhou Industrial Fund Investment Co., Ltd. (湖州市產業基金投資有限公司) are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Huzhou Municipal Government (湖州市人民政府國有資產監督管理委員會).

Huzhou Talent primarily engages in equity investments in enterprises in line with the industrial guidance of Huzhou or enterprises focusing on talent development and innovation in the fields of integrated circuits, communication networks, new displays, new materials, big data, artificial intelligence, biomedicine, and others. As of March 31, 2024, its investment portfolio includes other biopharmaceutical companies such as Huadao (Shanghai) Biopharmaceutical Co., Ltd. (華道(上海)生物醫藥有限公司) and Huzhou Shenke Biotechnology Co., Ltd. (湖州申科生物技術股份有限公司).

24. Huiyu Pharmaceutical

Huiyu Pharmaceutical is a joint stock company with limited company established under the laws of the PRC which is listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688553). As of March 31, 2024, Huiyu Pharmaceutical was held as to approximately 26.93% by Dr. DING Zhao (丁兆), who through a weighted voting rights structure and together with his controlled entities, is able to exercise 60.95% voting rights in Huiyu Pharmaceutical. Sichuan Huiyu Pharmaceutical Technology Co, Ltd. (四川匯宇藥業科技有限公司), a wholly owned subsidiary of Huiyu Pharmaceutical, is a limited partner of Wenzhou Junzhe with approximately 16.57% interest therein.

Dr. DING Zhao (丁兆) is our non-executive Director. For details of Dr. DING Zhao (丁兆), see "Directors, Supervisors and Senior Management" in this prospectus.

PUBLIC FLOAT

The 178,249,645 Shares held by our Shareholders as of the Latest Practicable Date, representing approximately 55.19% of our total issued Shares as of the Latest Practicable Date, or approximately 48.07% of our total issued Shares upon Listing, will not be counted towards the public float as these Shares are Unlisted Shares which will not be converted into H shares and listed following completion of the Global Offering.

The 63,690,633 Unlisted Shares held by Tetranov Pharmaceutical, Changxing Liyuan, Changxing Caiyuan, Changxing Gangyuan, Pivot Pharma, Changsanjiao Tengyuan, Houyang Tongchi, Houji Tongnuo and Huiyu Pharmaceutical as of the Latest Practicable Date, representing approximately 19.72% of our total issued Shares, or approximately 17.17% of our total issued Shares upon Listing, will be converted into H Shares and listed upon completion of the Global Offering. As these Shareholders will constitute core connected persons of our Company, the H Shares held by them will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

The 18,888,039 Unlisted Shares held by Huzhou Talent, Changxing Xingyin, Changxing Xinsheng, CICC Qihe, Changxing Guohai, Haibang Shuhu, Wangying Shanghe and Fuqi Investment as of the Latest Practicable Date, representing approximately 5.85% of our total issued Shares, or approximately 5.09% of our total issued Shares upon Listing, will be converted into H Shares and listed upon completion of the Global Offering. Further, 17,000,000 H Shares (calculated based on the Offer Price of HK$12.10 per Share), representing approximately 4.58% of our total issued Shares upon Listing, will be subscribed for by Changxing Xingchang Industrial Investment Partnership (Limited Partnership) (長興興長產業投資合夥企業(有限合夥)) as a cornerstone investor in the Global Offering, details of which are set out in the section headed "Cornerstone Placing" of this prospectus. As more than 30% of the partnership interest of these Shareholders are ultimately under the supervision and management of Zhejiang Provincial People's Government and such Shareholders collectively will hold approximately 16.25% of our total issued Shares upon Listing (taking into account the 24,367,322 Unlisted Shares held by such Shareholders, representing approximately 6.57% of our total issued Shares upon Listing, which will not be converted into H Shares and listed upon completion of the Global Offering), the H Shares held by them will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

As of the Latest Practicable Date, the 62,127,501 Unlisted Shares held by Chengdu Boyuan, Addor Results, Jiangsu SME, Jiangsu Talent, Huachuang Yida, Guochuang Junhe, Sanhua Hongdao, Ronghui Hongshang, Shanghai Fanxi, Guohai Guochuang, Hangzhou Qizhen, Wenzhou Junzhe, Jiaxing Xingren, Hunan Xiangyi, Shanghai Kaicheng, Mr. JI Aining, Yangzi Xinkang, Zhejiang Silk Road and Yangzhou Zekang, representing approximately 19.24% of our total issued Shares, or approximately 16.75% of our total issued Shares upon Listing, will be converted into H Shares and listed upon completion of the Global Offering. As these Shareholders will not constitute core connected persons of our Company, are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and as their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

Immediately following completion of the Global Offering, assuming that (i) 47,880,000 H Shares are allotted and issued in the Global Offering; (ii) 144,706,173 Unlisted Shares are converted into H Shares; and (iii) 370,835,818 Shares are issued and outstanding in the share capital of our Company upon completion of the Global Offering, based on an Offer Price of HK$12.10 per Share, 93,007,501 Shares, representing approximately 25.08% of the total number of issued Shares of our Company will be counted towards the public float and the Company will have a market capitalization of at least HK$375 million held by the public. Therefore, our Company will be able to meet the minimum public float requirement under Rules 8.08 and 18A.07 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Listing Date:

	As of the date of this prospectus		As of the Listing Date					
Shareholders	**Number of Unlisted Shares**	**Approximate percentage in total issued share capital**	**Number of H Shares**	**Approximate ownership percentage in H Shares**	**Number of Unlisted Shares**	**Approximate ownership percentage in Unlisted Shares**	**Total number of Shares**	**Approximate ownership percentage in total issued share capital**
Tetranov Pharmaceutical	100,000,000	30.96%	35,000,000	18.17%	65,000,000	36.47%	100,000,000	26.97%
Changxing Liyuan	22,670,000	7.02%	7,934,500	4.12%	14,735,500	8.27%	22,670,000	6.11%
Houji Tongnuo[1]	14,146,619	4.38%	4,951,317	2.57%	9,195,302	5.16%	14,146,619	3.81%
Houyang Tongchi[1]	5,258,035	1.63%	1,840,312	0.96%	3,417,723	1.92%	5,258,035	1.42%
Changsanjiao Tengyuan	12,600,000	3.90%	4,410,000	2.29%	8,190,000	4.59%	12,600,000	3.40%
Changxing Guohai[2][6]	12,185,600	3.77%	3,046,400	1.58%	9,139,200	5.13%	12,185,600	3.29%
Guohai Guochuang[2]	6,144,000	1.90%	1,536,000	0.80%	4,608,000	2.59%	6,144,000	1.66%
Huiyu Pharmaceutical	10,468,584	3.24%	3,664,004	1.90%	6,804,580	3.82%	10,468,584	2.82%
Changxing Xingyin[3][6]	10,015,305	3.10%	3,505,357	1.82%	6,509,948	3.65%	10,015,305	2.70%
Changxing Xinsheng[3][6]	3,140,575	0.97%	1,099,201	0.57%	2,041,374	1.15%	3,140,575	0.85%
Addor Results[4]	9,600,000	2.97%	9,600,000	4.98%	–	0.00%	9,600,000	2.59%
Jiangsu SME[4]	7,200,000	2.23%	7,200,000	3.74%	–	0.00%	7,200,000	1.94%
Jiangsu Talent[4]	3,600,000	1.11%	3,600,000	1.87%	–	0.00%	3,600,000	0.97%
Chengdu Boyuan	9,201,568	2.85%	3,220,549	1.67%	5,981,019	3.36%	9,201,568	2.48%
Pivot Pharma	8,250,000	2.55%	2,887,500	1.50%	5,362,500	3.01%	8,250,000	2.22%
Huachuang Yida	7,200,000	2.23%	7,200,000	3.74%	–	0.00%	7,200,000	1.94%
Sanhua Hongdao	7,200,000	2.23%	7,200,000	3.74%	–	0.00%	7,200,000	1.94%
Ronghui Hongshang	7,200,000	2.23%	2,520,000	1.31%	4,680,000	2.63%	7,200,000	1.94%
Fuqi Investment[6]	7,200,000	2.23%	2,520,000	1.31%	4,680,000	2.63%	7,200,000	1.94%
Yangzi Xinkang	6,259,566	1.94%	2,190,848	1.14%	4,068,718	2.28%	6,259,566	1.69%
Guochuang Junhe[5]	5,400,000	1.67%	1,890,000	0.98%	3,510,000	1.97%	5,400,000	1.46%
Wenzhou Junzhe[5]	5,120,000	1.59%	1,792,000	0.93%	3,328,000	1.87%	5,120,000	1.38%
Shanghai Fanxi[5]	600,000	0.19%	210,000	0.11%	390,000	0.22%	600,000	0.16%
CICC Qihe[6]	5,234,292	1.62%	5,234,292	2.72%	–	0.00%	5,234,292	1.41%
Zhejiang Silk Road	5,007,653	1.55%	5,007,653	2.60%	–	0.00%	5,007,653	1.35%
Changxing Gangyuan	4,800,000	1.49%	1,680,000	0.87%	3,120,000	1.75%	4,800,000	1.29%
Hunan Xiangyi	4,761,905	1.47%	1,666,667	0.87%	3,095,238	1.74%	4,761,905	1.28%
Hangzhou Qizhen	4,096,000	1.27%	4,096,000	2.13%	–	0.00%	4,096,000	1.10%
Changxing Caiyuan	3,780,000	1.17%	1,323,000	0.69%	2,457,000	1.38%	3,780,000	1.02%
Yangzhou Zekang	3,655,575	1.13%	1,279,451	0.66%	2,376,124	1.33%	3,655,575	0.99%
Haibang Shuhu[6]	3,072,000	0.95%	1,075,200	0.56%	1,996,800	1.12%	3,072,000	0.83%
Jiaxing Xingren	2,380,952	0.74%	833,333	0.43%	1,547,619	0.87%	2,380,952	0.64%
Mr. JI Aining (吉愛寧)	2,380,000	0.74%	833,000	0.43%	1,547,000	0.87%	2,380,000	0.64%
Wangying Shanghe[6]	1,884,160	0.58%	1,884,160	0.98%	–	0.00%	1,884,160	0.51%
Shanghai Kaicheng	720,000	0.22%	252,000	0.13%	468,000	0.26%	720,000	0.19%
Huzhou Talent[6]	523,429	0.16%	523,429	0.27%	–	0.00%	523,429	0.14%
Other investors taking part in the Global Offering	–	–	47,880,000	24.86%	–	–	47,880,000	12.91%
Total	**322,955,818**	**100%**	**192,586,173**	**100%**	**178,249,645**	**100%**	**370,835,818**	**100%**

Notes:

(1) Houji Tongnuo and Houyang Tongchi in aggregate will hold 19,404,654 Shares which represent approximately 5.23% of the total issued share capital of our Company upon Listing.

(2) Changxing Guohai and Guohai Guochuang in aggregate will hold 18,329,600 Shares which represent approximately 4.94% of the total issued share capital of our Company upon Listing.

(3) Changxing Xingyin and Changxing Xinsheng in aggregate will hold 13,155,880 Shares approximately 3.55% of the total issued share capital of our Company upon Listing.

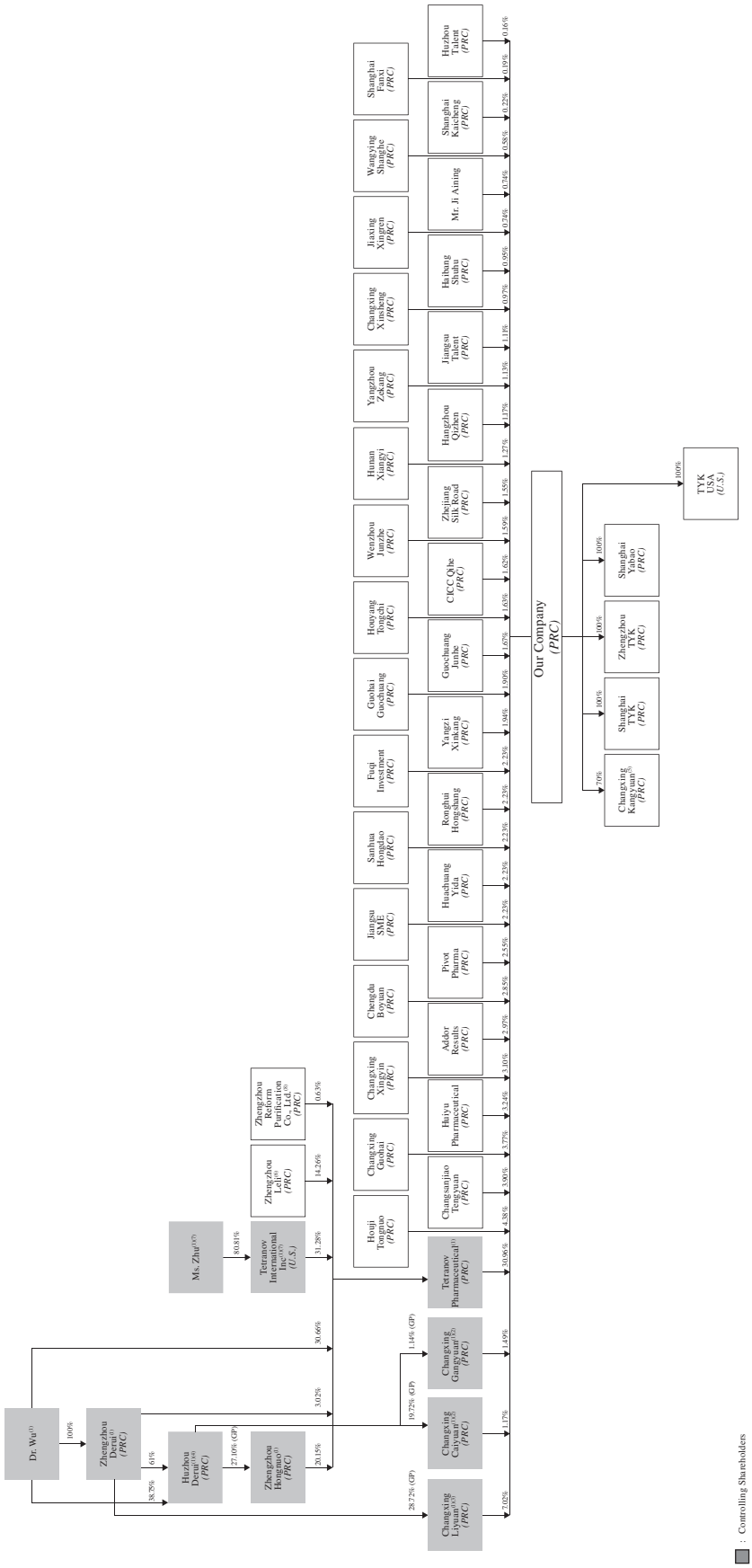
(4) Addor Results, Jiangsu SME and Jiangsu Talent in aggregate will hold 20,400,000 Shares which represent approximately 5.50% of the total issued share capital of our Company upon Listing.

(5) Guochuang Junhe, Wenzhou Junzhe and Shanghai Fanxi in aggregate will hold 11,120,000 Shares which represent approximately 3.00% of the total issued share capital of our Company upon Listing.

(6) More than 30% of the partnership interest of the relevant Shareholder is ultimately under the supervision and management of Zhejiang Provincial People's Government. Such relevant Shareholders under the supervision and management of Zhejiang Provincial People's Government will in aggregate hold 43,255,361 Shares which represent approximately 11.66% of the total issued share capital of our Company upon Listing, without taking into account the Shares to be subscribed by the cornerstone investor that is also ultimately under the supervision and management of Zhejiang Provincial People's Government, as further described in the section headed "Cornerstone Placing" in this prospectus.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Company immediately before completion of the Global Offering:



Notes:

(1) Dr. Wu, Ms. Zhu, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Tetranov Pharmaceutical, Changxing Caiyuan, Changxing Gangyuan and Changxing Liyuan are a group of our Controlling Shareholders. For further details of our Controlling Shareholders, see "Relationship with Our Controlling Shareholders" in this prospectus.

(2) Each of Changxing Caiyuan and Changxing Gangyuan is a limited partnership established in the PRC and is one of our ESOP Platforms. Huzhou Derui is the executive partner of Changxing Caiyuan and Changxing Gangyuan, and is responsible for their respective management.

As of the Latest Practicable Date, Changxing Caiyuan had 29 limited partners, including Dr. JIANG Mingyu (our executive Director), Mr. CHEN Xiugui (our senior vice president of the clinical and registration department), Mr. CHEN Shaoqing (our senior vice president of the medicinal chemistry department), 25 other existing employees of our Group and one former employee of our Group.

As of the Latest Practicable Date, Changxing Gangyuan had 35 limited partners, including Dr. JIANG Mingyu (our executive Director), Mr. CHEN Xiugui (our senior vice president of the clinical and registration department), Mr. CHEN Shaoqing (our senior vice president of the medicinal chemistry department), Dr. NIU Chengshan (our Supervisor), Dr. LIANG Apeng (our Supervisor) and 30 other employees of our Group.

(3) Changxing Liyuan is a limited partnership established in the PRC and is managed by its executive partner, Zhengzhou Derui. As of the date of this prospectus, Changxing Liyuan had 16 limited partners, including (i) Changxing Rongjun, being the largest limited partner with approximately 22.1% partnership interest, which is owned as to 60% by JIANG Junhao (蔣俊豪) and 40% by WANG Tingrong (王婷榮), respectively, each being an Independent Third Party, (ii) Dr. LI Jun (our non-executive Director) who held approximately 14.3% partnership interest, (iii) Dr. GU Eric Hong (our non-executive Director) who held approximately 4.0% partnership interest, (iv) Dr. JIANG Mingyu (our executive Director, vice president, Board secretary and joint company secretary) who held approximately 2.3% partnership interest, (v) Mr. CHEN Xiugui (our senior vice president of clinical and registration department) who held approximately 4.0% partnership interest, (vi) Dr. NIU Chengshan (our chairperson of the Supervisory Committee, employee representative Supervisor, senior director of the medicinal chemistry department) who held approximately 2.0% partnership interest, (vii) Dr. LIANG Apeng (our employee representative Supervisor, director of the medicinal chemistry department) who held approximately 0.9% partnership interest, and (viii) nine limited partners, each holding less than 10% partnership interest.

(4) Huzhou Derui was owned as to 38.75% by Dr. Wu, 61% by Zhengzhou Derui and 0.25% by Mr. ZHANG Sen (張森), one of the existing employees of our Group.

(5) The remaining 30% equity interests in Changxing Kangyuan is held by Changxing Xingkang Equity Investment Partnership (Limited Partnership) (長興興康股權投資合夥企業(有限合夥)), which is ultimately controlled by the Changxing County Finance Bureau (長興縣財政局). For further details, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Other Long-term Payables" in this prospectus. Save for its equity interests in Changxing Kangyuan, Changxing Xingkang Equity Investment Partnership (Limited Partnership) (長興興康股權投資合夥企業(有限合夥)) and Changxing County Finance Bureau (長興縣財政局) are Independent Third Parties. Neither Changxing government nor its associates have any board seats in Changxing Kangyuan.

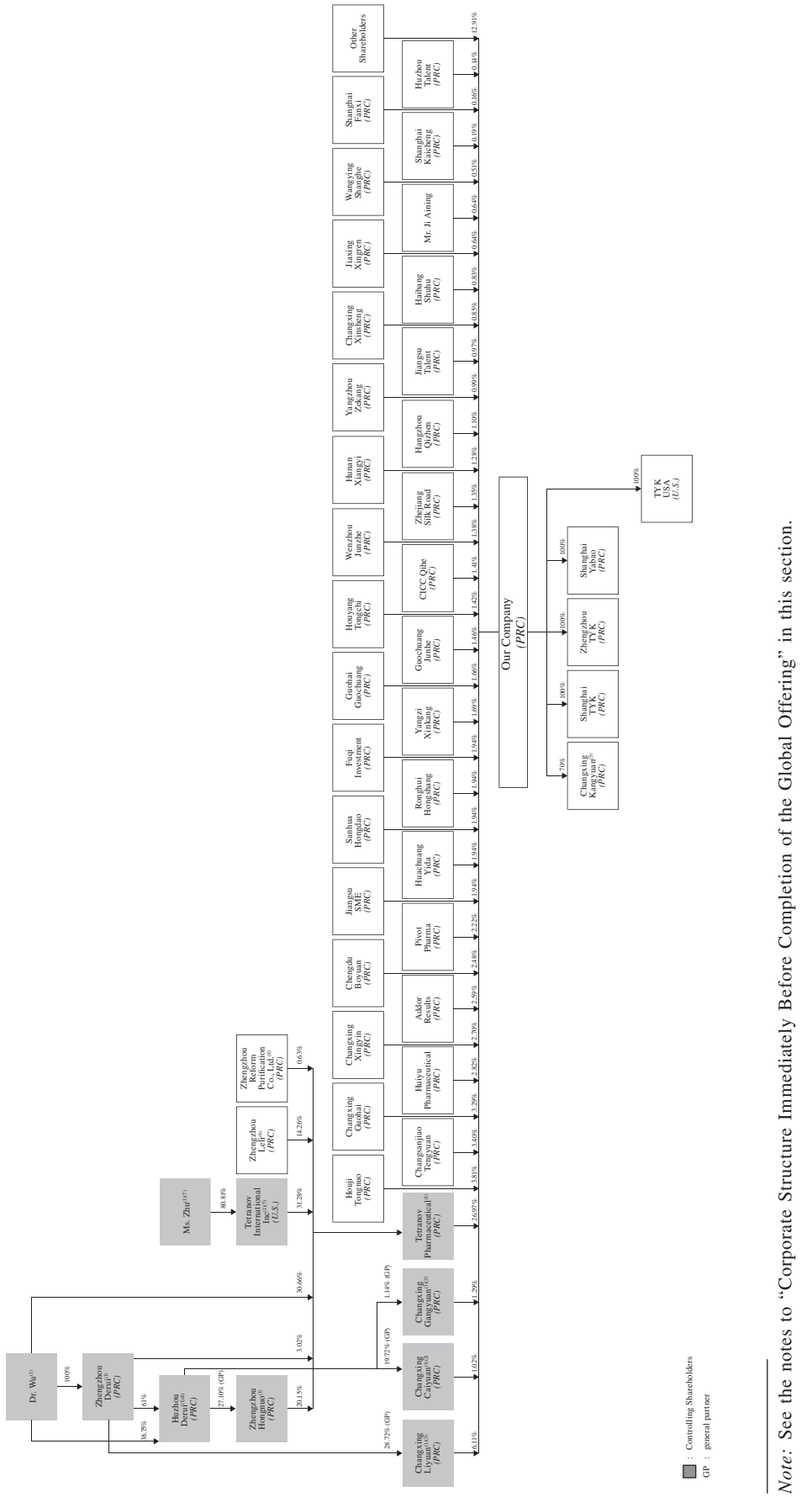
(6) As of the Latest Practicable Date, Mr. LUO Jingwei (羅敬偉) and Ms. ZHANG Dongling (張冬玲) were the registered shareholders of Zhengzhou Leli, who are Independent Third Parties. To the best knowledge of the Company, there are ongoing disputes and legal proceedings between Zhengzhou Leli and Mr. GAO Jianxin (高劍昕). Mr. Gao was a director of our Company since our incorporation in November 2017 to December 2020 where he was primarily responsible for corporate administrative matters and departed from our Company upon expiry of his service contract with our Company. Mr. Gao also served as a director of Tetranov Pharmaceutical from October 2019 to February 2023 where he was primarily responsible for managing government affairs of Tetranov Pharmaceutical. He was not involved in managing the investment of Tetranov Pharmaceutical in our Company. As of the Latest Practicable Date, as a limited partner of Zhengzhou Hongnuo with approximately 16.47% partnership interest and a limited partner of Changxing Liyuan with approximately 2.78% partnership interest, Mr. Gao indirectly had approximately 1.22% equity interest of our Company. Considering (i) our Company is not a party to such legal proceedings and regardless of the outcome of such legal proceedings, it will not render Mr. Gao or Zhengzhou Leli a registered Shareholder of our Company; (ii) such legal proceedings are taking place at the level of Zhengzhou Leli, being a minority shareholder of Tetranov Pharmaceutical and an independent and indirect shareholder of our Company without any control or influence over Tetranov Pharmaceutical or our Company, our PRC Legal Advisor is of the view that our Company will not be subject to any monetary compensation and there will not be any legal impact on our Company from the ongoing disputes between Mr. Gao and Zhengzhou Leli. Based on the foregoing, our Directors are of the view, and the Sole Sponsor, having considered the forgoing and other underlying documentation, concurs, that our Company will not be subject to any monetary compensation and that there will not be any legal impact on our Company from the ongoing dispute between Mr. Gao and Zhengzhou Leli.

(7) As of the Latest Practicable Date, Tetranov International Inc was owned as to approximately 80.81% by Ms. Zhu and as to approximately 19.19% by the three other individuals who are Independent Third Parties.

(8) As of the Latest Practicable Date, Zhengzhou Reform Purification Co., Ltd. (鄭州瑞孚淨化科技有限公司) was owned as to approximately 99.01% by Ms. SONG Fengdan (宋鳳丹), an Independent Third Party, and the remaining 0.99% by three other individuals who are also Independent Third Parties.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Company immediately following completion of the Global Offering:



Note: See the notes to "Corporate Structure Immediately Before Completion of the Global Offering" in this section.

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. Leveraging our capabilities in medicinal chemistry, deep understanding of cancer (particularly in lung cancer), and efficient clinical development strategy, we are proceeding with our Core Product TY-9591 for NSCLC in two pivotal clinical trials in China. Since our inception in 2017, we have built a pipeline with 11 drug candidates, including Core Product TY-9591, Key Product TY-302, our internally developed Key Product TY-2136b, four other innovative clinical products and four products in preclinical stage or early clinical development stage. As a China-based company with a global vision, our mission is to tackle the challenges of drug accessibility, ensuring affordability and availability for diverse patient groups.

We primarily focus on small molecule drug development due to cost-effectiveness, simplified manufacturing and storage processes, and enhanced patient convenience and compliance of small molecule drugs compared to biologics. Small molecule drugs are able to precisely target intracellular functions and improve blood-brain barrier permeability, demonstrating their competitive edge over biologics. Despite a number of innovative drug modalities have been approved by the FDA in recent years, small molecule drugs still occupy more than 60% of FDA novel drug approvals in 2023, according to Frost & Sullivan.

Our Core Product TY-9591 stands as a third-generation EGFR-TKI poised for near-term launch, aiming at addressing unmet medical needs in NSCLC treatment. We have strategically focused on brain metastasis from NSCLC with EGFR mutations, an area currently devoid of approved drugs, and locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation, an indication still in need of more efficient treatment. Compared to osimertinib, a third-generation and the top-selling EGFR-TKI, TY-9591 is anticipated to present a broadened therapeutic window due to its improved safety profile. The enhancement allows for higher doses, enabling improved efficacy for indications requiring escalated dosing to achieve improved clinical benefit.

Our research and development capabilities are evident by our strategically selected pipeline focusing on addressing NSCLC as well as targeting the CDK family, which exemplifies our understanding of a disease and mechanisms of action of a target, and our endeavor to fully explore them. Specifically, we are developing two Key Products, TY-302 and TY-2136b. TY-302 is a potent, selective oral CDK4/6 inhibitor developed for the treatment of advanced solid tumors, including breast cancer and prostate cancer. TY-2136b is an internally developed, oral ROS1/NTRK inhibitor for the treatment of solid tumors. With its Greater China rights out-licensed to Livzon, we maintain the right to develop TY-2136b for the rest of the world.

In addition to our Core Product and Key Products, we are developing several products targeting the CDK family, including TY-2699a (a CDK7 inhibitor), TY-0540 (a CDK2/4/6 inhibitor), TY-1210 (a CDK2 inhibitor), and TY-0609 (a CDK4 inhibitor). We are also developing a number of drug candidates indicated for lung cancer, including TY-1091 (for RET fusion-positive solid tumors), TY-4028 (for locally advanced or metastatic NSCLC with EGFR exon 20 insertion), TY-2699a (for SCLC) and TY-3200 (for NSCLC).

The following chart shows our drug candidates as of the Latest Practicable Date:

	Product[1]	Target (Modality)	Indication (Lines of Treatment)	Regimen	Preclinical / IND-Enabling / Ph I/Ia / Ph Ib/II / Registrational Pivotal Ph II/Ph III	Upcoming Milestone/ Current Status	Commercial Rights/ Partner
Clinical Stage	★ TY-9591	3rd-Generation EGFR	Brain metastases from NSCLC with EGFR mutations (1L)	Mono	*Pivotal Phase II trial ongoing in China*	NDA submission in Q1 2025	China
			Advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation (1L)	Mono	*Registrational Phase III trial ongoing in China*	NDA submission in 2H 2026	
			Advanced (stage IIIb to IV) or metastatic NSCLC with EGFR mutations	Combo	*IND approval for Phase II and Phase III trials in China*	Enter Ph II in 2H 2024	
	☆ TY-302	CDK4/6	Breast cancer (2L+)	Combo	*Phase II trial ongoing in China*	Enter Registrational Trial in Q1 2025	China
			Prostate cancer (1L)	Combo	*Phase II trial ongoing in China*	Enter Ph II in 2H 2024	
	☆ TY-2136b	ROS1/NTRK	ROS1/NTRK-mutant solid tumor	Mono	*Phase Ib study ongoing in China*	Ph Ib ongoing	Livzon (Greater China)[2]
			ROS1/NTRK-mutant NSCLC	Mono	*Phase I trial ongoing in the U.S.*	Ph I ongoing	Ex-Greater China
	TY-2699a	CDK7	SCLC, TNBC	Mono/ Combo	*Phase I trial ongoing in China*	Enter Ph Ib in Q1 2025	Global
					IND approval in the U.S.	IND approved	
	TY-0540	CDK2/4/6	Solid tumor	Mono/ Combo	*Phase I trial ongoing in China*	Enter Ph Ib in Q1 2025	Global
					IND approval in the U.S.	IND approved	
	TY-1091	RET	RET-fusion positive solid tumor	Mono	*Phase I trial ongoing in China*	Ph I ongoing	Global
					IND approval in the U.S.	IND approved	
	TY-4028	EGFR Exon 20	EGFR exon 20 insertion NSCLC	Mono	*IND approval in China*	Enter Ph I in December 2024	Global
					IND approval in the U.S.	IND approved	
	TY-1054	YAP-TEAD	Solid tumor	-	*IND approval in the U.S.*	IND approved (U.S.)	Global
					IND approval in China	IND approved (China)	
Preclinical Stage	TY-1210	CDK2	Solid tumor	-		IND submission in 2H 2025	Global
	TY-0609	CDK4	Solid tumor	-		IND submission in 2H 2025	Global
	TY-3200	EGFR (PROTAC)	NSCLC	-		IND submission in 2H 2025	Global

★ Core Product ☆ Key Product

Abbreviations: 1L = first line; 2L+ = third- or later-line; EGFR = epidermal growth factor receptor; CDK = cyclin-dependent kinase; ROS1 = ROS proto-oncogene 1; NTRK = neurotrophic tyrosine receptor kinase; RET = rearranged during transfection; YAP = yes associated protein; TEAD = transcriptional enhanced associate domain; PROTAC = proteolysis-targeting chimera; NSCLC = non-small cell lung cancer; SCLC = small cell lung cancer; TNBC = triple-negative breast cancer; Ph = Phase; NDA = new drug application; 2H = second half; Q1 = first quarter.

Notes:

(1) The relevant intellectual property rights for TY-9591 and TY-302 were acquired from Changzhou Runnuo and Guangzhou Boji, and Tetranov Pharmaceutical, respectively. We have developed these two drug candidates at our own costs since preclinical stage. Except for these two drug candidates, all other drug candidates were internally discovered and developed by us.

(2) We have out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon. We maintain the rights to develop and commercialize this drug candidate in the rest of the world. For detailed information, see "— Collaboration Arrangement — Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b."

Source: Company Data

Below is a detailed introduction of our Core Product TY-9591, and Key Products TY-302 and TY-2136.

- **TY-9591** is a third-generation EGFR-TKI with antitumor effects on EGFR mutations. We are investigating TY-9591 in NSCLC with EGFR mutations and brain metastases from NSCLC with EGFR mutations. TY-9591 can irreversibly bind to certain EGFR mutants including L858R mutation, exon 19 deletion, L858R/T790M mutation, and exon 19 deletion/T790M mutation, and thus inhibit the downstream signaling cascade, such as Ras/Raf/MEK/ERK or PI3K/AKT pathway, ultimately inhibiting the proliferation and metastasis of cancer cells. TY-9591 was modified by H/D exchange of osimertinib, it is anticipated to present a broadened therapeutic window due to its improved safety profile.

  Among 29 evaluable NSCLC treatment-naïve patients with brain metastases enrolled in our Phase Ib and Phase II clinical studies, we observed that 25 patients reached intracranial PR and four reached CR, with an intracranial ORR of 100%. In the Phase II study, we observed that the overall incidence of SAEs was only 8.3% and treatment-related SAEs was as low as 8.3%, demonstrating a favorable safety profile. Based on the encouraging clinical data, we are conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations. This initiative aims to secure conditional marketing approval, making strides toward introducing the first drug tailored for this particular indication.

  Furthermore, clinical data from our Phase Ib study showed that among 78 evaluable patients, TY-9591 has demonstrated promising efficacy and safety profile with the median PFS of 21.5 months in NSCLC patients with EGFR mutations (L858R/exon 19 deletion), including 25.7 months for exon 19 deletion patients and 19.3 months for L858R mutation patients. The investigator-confirmed ORR was 85.9%, including 85.7% for exon 19 deletion patients and 86.1% for L858R mutation patients. In addition, no DLT was observed and the incidence and severity of AEs were acceptable. We are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR L858R mutation. TY-9591 is the only EGFR-TKI worldwide that is currently undergoing a head-to-head registrational trial directly comparing its efficacy with osimertinib, according to Frost & Sullivan.

- **TY-302** is a potent, selective oral CDK4/6 inhibitor developed for the treatment of advanced solid tumors, including breast cancer and prostate cancer. Targeting CDK4/6, a key cell cycle regulator, TY-302 suppresses the phosphorylation of the Rb, preventing proliferation of cancer cells. TY-302 was modified by H/D exchange of palbociclib, the best-selling CDK4/6 inhibitor in the world. Based on the preliminary safety data collected through our current Phase I/II clinical trial, TY-302 achieved an improved safety profile in respect of AEs in general, especially AEs related to infectious disease, skin and subcutaneous tissue, and GI system,

based on a non-head-to-head comparison. In addition, TY-302 has achieved encouraging efficacy in breast cancer. We observed that TY-302 achieved a DCR of 71.4% in the 14 recruited breast cancer patients who had failed prior two or more lines of treatment. We expect to further investigate the combination therapy of TY-302 with toremifene in third- or later-line ER+/HER2− breast cancer that has progressed after second-line endocrine therapy. In addition, we plan to commence a Phase II clinical trial of TY-302 in prostate cancer in the second half of 2024, exploring TY-302 in combination with abiraterone for the treatment of mCRPC, which is an advanced prostate cancer that is challenging to treat with no responding to the standard of care treatment, endocrine therapy.

- **TY-2136b** is an internally developed, oral ROS1/NTRK inhibitor for the treatment of solid tumors. It was designed to efficiently bind with the active kinase conformation and avoid steric interference from a variety of clinically resistant mutations. Primarily focusing on NSCLC with ROS1 or NTRK mutation, TY-2136b has demonstrated encouraging safety profile and outstanding efficacy in resolving acquired resistance to existing ROS1/NTRK drugs in preclinical studies. As a result, the FDA has granted Orphan Drug Designation to TY-2136b for the treatment of ROS1-positive, NTRK fusion-positive, ALK-positive or LTK positive NSCLC. Furthermore, its potential has been recognized and endorsed by Livzon and we have out-licensed the Greater China rights of TY-2136b to Livzon. We are currently conducting a Phase I clinical trial in the U.S.

We have developed in-house R&D capabilities that cover not only early-stage drug discovery, chemical synthesis and selection, but also clinical development and regulatory affairs. Our research and development capabilities are underscored by our fully integrated R&D platforms and advanced R&D infrastructure. Our R&D centers are equipped with advanced laboratories and state-of-art equipment and instruments. Complementing our R&D infrastructure, we have established four proprietary and fully-integrated R&D platforms, including a drug design and screening platform, a druggability evaluation platform, a translational medicine platform, and a CADD/AIDD drug design platform. These platforms serve as the foundation for conceiving, synthesizing, and evaluating all internally developed drug candidates, which enable us to direct our efforts towards candidates with the best potential to become clinically active, cost-effective and commercially viable drugs.

We are led by a senior management team with extensive industry experience, complimentary backgrounds and experience as well as global vision, which are also key drivers of our success. In particular, Dr. Wu, the chairperson of our Board, our executive Director and chief executive officer, who has more than 24 years of experience in biomedical research and management. Prior to co-founding the Company, Dr. Wu held prominent positions at world-renowned pharmaceutical companies, such as Schering-Plough Corporation. Dr. Wu has also been a "State Specially Recruited Expert" (國家特聘專家) as conferred by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since 2013.

OUR COMPETITIVE STRENGTHS

Third-generation EGFR-TKI (TY-9591) to address significant market demand

Lung cancer is one of the leading causes of cancer-related mortality in China and worldwide, with substantial economic and social burden. NSCLC is the most prevalent lung cancer and accounts for around 85% of all lung cancer cases. According to Frost & Sullivan, NSCLC incidence in China increased from 714.2 thousand in 2017 to 863.2 thousand in 2023, and is expected to grow further to 1,131.4 thousand in 2033. The number of NSCLC death cases in China was 697.7 thousand in 2023.

EGFR is the most common driver gene mutation in NSCLC, accounting for 50.2% of NSCLC incidence in China in 2023, according to Frost & Sullivan. As EGFR-TKI has become the dominant treatment option for EGFR mutation positive patients with NSCLC, the EGFR-TKI market in China increased at a CAGR of 29.3% from RMB3.1 billion in 2017 to RMB14.5 billion in 2023, and is forecasted to grow further to reach RMB20.1 billion and RMB28.4 billion, respectively, in 2027 and 2033, according to Frost & Sullivan. Osimertinib is a third-generation and the top-selling EGFR-TKI with global sales of US$5.8 billion and occupied most of the global market share in 2023, according to Frost & Sullivan.

TY-9591, our Core Product, is a third-generation EGFR-TKI with antitumor effects on EGFR mutations. It can irreversibly bind to certain EGFR mutants including L858R mutation, exon 19 deletion, L858R/T790M mutation, and exon 19 deletion/T790M mutation, and thus inhibit the downstream signaling cascade, such as Ras/Raf/MEK/ERK or PI3K/AKT pathway, ultimately inhibiting the proliferation and metastasis of cancer cells. TY-9591 was developed through modifications of osimertinib to enhance its safety, allowing for a higher administration dosage and thus, potentially, improved efficacy. Specifically, TY-9591 was modified by H/D exchange of osimertinib. Such modifications may retain the advantages of osimertinib, but also affect the way that osimertinib is metabolized, which may reduce the formation of the metabolite TY-9591-D1 (AZ5104). Based on preclinical studies, TY-9591-D1 (AZ5104) have much higher affinity to normal cells that express EGFR without mutations, and thus is the major cause of AEs of TY-9591 and osimertinib. By reducing the production of TY-9591-D1, TY-9591 is expected to be safer than osimertinib and can be administered at a higher dose level, leading to improved antitumor efficacy and a higher level of blood-brain entry. In a Phase I clinical trial in healthy subjects, we investigated the mean drug metabolite concentration-time profiles after a single oral dose of 80 mg TY-9591 and osimertinib in healthy subjects. Compared to osimertinib, the results showed an approximately 50% reduction in metabolite TY-9591-D1 exposure levels after TY-9591 administration, indicating that TY-9591 may have an improved safety profile than osimertinib. In addition, although not a head-to-head comparison, clinical data from our Phase Ib study showed that TY-9591 has demonstrated promising efficacy and safety profile with the median PFS of 21.5 months, confirmed ORR of 85.9% and confirmed DCR of 94.9% in NSCLC patients with EGFR mutations (L858R/exon 19 deletion).

We are currently investigating TY-9591 in brain metastases from NSCLC with EGFR mutations and in locally advanced or metastatic NSCLC with EGFR L858R mutation. According to Frost & Sullivan, the incidence of brain metastases in patients with advanced NSCLC can be nearly 25% at diagnosis, approximately 30% to 55% of NSCLC patients develop brain metastases during treatment. While there are a number of third-generation EGFR-TKIs approved for sale in China and worldwide, no drug has been approved and marketed for brain metastases from NSCLC, demonstrating urgent unmet clinical needs. Results from our Phase Ib and Phase II clinical studies of TY-9591 monotherapy in advanced NSCLC have demonstrated strong clinical antitumor efficacy. Among 29 evaluable NSCLC treatment-naïve patients with brain metastases enrolled in these studies, we observed that 25 patients reached intracranial PR and four reached CR, with an intracranial ORR of 100%. Although not a head-to-head comparison, this outcome outperformed the confirmed 77% intracranial ORR observed in NSCLC brain metastases patients treated by osimertinib in the Phase III FLAURA trial. In the Phase II study, we observed that the overall incidence of SAEs was only 8.3% and treatment-related SAEs was as low as 8.3%, demonstrating a favorable safety profile.

Furthermore, TY-9591 may deliver improved efficacy compared to osimertinib in NSCLC patients with the exon 21 L858R mutation. Exon 21 L858R mutation is the second common mutation in NSCLC, according to Frost & Sullivan, with an estimated market size of RMB7.9 billion in China in 2027. Osimertinib exhibited a median PFS of 18.9 months for both EGFR exon 19 deletion and L858R mutation. However, NSCLC patients with EGFR exon 21 L858R mutation showed significantly shorter PFS of 14.4 months compared to 21.4 months PFS observed in EGFR exon 19 deletion cases, according to the Phase III FLAURA study. Therefore, there exists an unmet clinical need to enhance the clinical outcomes for NSCLC patients with EGFR exon 21 L858R mutation. Although not a head-to-head comparison, clinical data from our Phase Ib study showed that among NSCLC patients with EGFR exon 21 L858R mutation, first-line TY-9591 treatment achieved a significantly prolonged median PFS comparing to osimertinib treatment in the Phase III FLAURA trial (19.3 months in 36 patients vs. 14.4 months in 104 patients).

We are implementing a clear and efficient clinical development plan with a confirmed regulatory pathway for each of the proposed indications of TY-9591. We are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations, for which we expect to complete patient enrollment in the third quarter of 2024. In addition, we are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR L858R mutation, for which we expect to complete patient enrollment in the fourth quarter of 2024. According to Frost & Sullivan, TY-9591 is the only EGFR-TKI worldwide that is currently undergoing a head-to-head registrational trial directly comparing its efficacy with osimertinib. To fully explore the potential of TY-9591, we also applied for and obtained the IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March 2024, and expect to commence a Phase II trial in the second half of 2024.

We believe we are on track to approval within the existing development timeline of TY-9591, which will unleash its clinical value and commercial potential and help us address the significant unmet needs in the EGFR-TKI market in China.

Medicinal chemistry-driven development capabilities incubating a strategically selected pipeline

Our preclinical research team is spearheaded by two medicinal chemistry experts, namely, Dr. Wu and Dr. CHEN Shaoqing. Please see "— Experienced and visionary management team backed by support from renowned Shareholders" for more details about biographies of Dr. Wu and Dr. Chen.

We have established four proprietary and fully-integrated technology platforms centered around the development of new small molecule drugs, which enable us to direct our efforts towards candidates with the best potential to become clinically active, cost-effective and commercially viable drugs:

- Drug design and screening platform: Our drug design and screening platform is a small molecule drug discovery platform, currently focusing on kinase. This platform comprises two important functions, namely, kinase biology and small molecule drug discovery. Notably, all our drug candidates (except TY-9591 and TY-302) were conceived and synthesized within this platform, and have garnered recognition from domestic pharmaceutical companies. For example, we out-licensed the Greater China rights of TY-2136b to Livzon when it was in the preclinical stage.

- Druggability evaluation platform: Equipped with a drugability evaluation platform, we are capable to conduct a wide range of R&D activities in-house, including DMPK studies, *in vivo* and *in vitro* bioactivity studies (including animal modeling), toxicity studies, physicochemical characterization, and CMC of drug candidates. We are capable to evaluate the efficacy of our drug candidates including kinase inhibitors in-house.

- Translational medicine platform: Our translational medicine platform enables us to conduct research on the pathogenesis of tumors and neurological disorders, and systematically search for and identify potential biomarkers and new drug targets. Using genomics, transcriptomics and proteomics methods, we can systematically assess drug effects.

- CADD/AIDD platform: Our CADD/AIDD platform is dedicated to aiding our internal drug discovery team. This platform has yielded several pipeline products. For example, TY-2136b, designed to target tyrosine kinases ROS1/NTRK, emerged during lead optimization in CADD. TY-2699a, a CDK7 inhibitor, employed both CADD and AIDD in compound design, highlighting the value of them in identifying overlooked aspects to improve therapeutic window.

Leveraging our significant R&D capabilities, we have accomplished different levels of innovative R&D ranging from classic molecular reconstruction, such as H/D exchange, to *de novo* molecule design, including the optimization and screening of functional groups as well as the design and development of new drug molecules for a certain indication or target.

Considering the genetic complexity and heterogeneity of cancer, we believe it is crucial to equip physicians with a full arsenal of antitumor drugs to meet the diverse needs of different patients with higher effectiveness. With this in mind, leveraging our medicinal chemical expertise and technology platforms, we have built a pipeline of 11 drug candidates for precision cancer treatment to address unmet clinical needs.

Lung Cancer Pipeline

In addition to TY-9591 as detailed above, we have assembled and are developing a portfolio of differentiated therapies to treat lung cancer patients with different driver gene mutations and resistance mechanisms, targeting some of the key kinases including EGFR, ROS1, NTRK and RET.

- TY-2136b. TY-2136b, one of our Key Products, is an internally developed, oral ROS1/NTRK inhibitor for the treatment of solid tumors. It was designed to efficiently bind with the active kinase conformation and avoid steric interference from a variety of clinically resistant mutations. The compact structure is believed to allow TY-2136b to precisely and efficiently bind into the ATP binding pocket of the kinase, and potentially circumvent the steric interference that results in resistance to bulkier kinase inhibitors. Our current primary focus lies on NSCLC with ROS1 or NTRK mutation, a demographic estimated to reach 56.2 thousand new cases worldwide in 2033, according to Frost & Sullivan. TY-2136b has demonstrated encouraging safety profile in preclinical studies. Specifically, despite its targeting multiple mutations, TY-2136b does not interfere with JAK/STAT signaling pathway, inhibit Ba/F3 cells overexpressing ABL1(H396P) mutant kinase, or disrupt SRC kinase activity. In addition, its preliminary efficacy against ROS1 and NTRK mutations has been demonstrated across multiple animal models, showcasing its potential to address drug resistance against existing ROS1/NTRK drugs. In September 2023, we received the Orphan Drug Designation of TY-2136b from the FDA. With FDA's implied IND approval obtained in November 2021, we are currently conducting a Phase I trial of TY-2136b in the U.S. We have out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon. Currently, Livzon is conducting a Phase Ib clinical trial of TY-2136b in China.

- TY-4028. EGFR exon 20 insertion is the third common mutation in NSCLC, according to Frost & Sullivan, and among NSCLC patients with EGFR mutation, approximately 7.7% of patients have EGFR exon 20 insertion in China. Patients with exon 20 insertions are associated with primary resistance to targeted EGFR-TKIs and correlate with a poor patient prognosis. TY-4028 presents an innovative, targeted therapy for this specific subset of NSCLC patients. We received the implied IND approval from the FDA and the IND approval from the NMPA in April 2023 and June 2023, respectively. We plan to initiate a Phase I trial of TY-4028 in NSCLC with exon 20 insertion in China in December 2024.

- TY-1091. TY-1091 is intended for the treatment of advanced NSCLC with RET gene fusion, advanced MTC with RET mutation and other advanced solid tumors with RET alterations. We received the implied IND approval from the FDA and the IND approval from the NMPA in August 2022 and December 2022, respectively. We are currently conducting a Phase I clinical trial of TY-1091 in RET fusion-positive solid tumors in China.

EGFR resistance mutations continue to drive the development and evolution of NSCLC targeted treatment. With a view to addressing patients with resistance, we are also developing selective CDK inhibitors, a selective YAP-TEAD inhibitor and a PROTAC compound, which will enable us to explore more combination therapy opportunities aiming to achieve synergistic effects.

SCLC accounts for 15% of all lung cancer patients. The number of SCLC patients is expected to reach 465,900 globally in 2033. Currently, SCLC is characterized by limited treatment options with no targeted therapy available and short survival period after existing chemotherapy. The five-year survival rate of SCLC at all seer stages combined is less than 7%, according to Frost & Sullivan. To address the unmet needs in the treatment of SCLC, we are currently conducting a Phase I clinical trial of TY-2699a in SCLC.

Pipeline Targets CDK Family

We have built a pipeline of innovative CDK inhibitors, with potential as monotherapies or combination therapies to treat oncology indications including lung cancer, breast cancer and prostate cancer, with the view to tackling clinical pain points and addressing unmet needs.

- TY-302. TY-302, one of our Key Products, is a potent, selective oral CDK4/6 inhibitor developed for the treatment of breast cancer and prostate cancer. TY-302 was modified by H/D exchange of palbociclib, the best-selling CDK4/6 inhibitor in the world. Based on the preliminary safety data collected through our current Phase I/II clinical trial in breast cancer, TY-302 achieved an improved safety profile in respect of AEs in general, especially AEs related to infectious disease, skin and subcutaneous tissue and GI system, based on a non-head-to-head comparison. In addition, TY-302 has achieved encouraging efficacy in breast cancer. We observed that TY-302 achieved a DCR of 71.4% among the 14 recruited breast cancer patients who had failed prior two or more lines of treatments. We expect to further investigate the combination therapy of TY-302 with toremifene in third- or later-line ER+/HER2− breast cancer that has progressed after second-line endocrine therapy. In addition, we plan to commence a Phase II clinical trial of TY-302 in prostate cancer in the second half of 2024, exploring TY-302 in combination with abiraterone for the treatment of mCRPC, which is an advanced prostate cancer that is challenging to treat with no responding to the standard of care treatment, endocrine therapy.

- TY-0540. TY-0540 is a selective CDK2/4/6 inhibitor intended for the treatment of advanced/metastatic solid tumors. Despite the transformative impact of CDK4/6 inhibitors on HR+/HER2− breast cancer treatment, significant challenges persist, notably primary and acquired resistance. According to Frost & Sullivan, approximately 20% of patients exhibit primary resistance to CDK4/6 inhibitors, rendering initial therapy ineffective, while others develop resistance within approximately 25 months. Once resistance occurs, treatment options often entail higher toxicity and limited clinical benefit, such as mammalian target of rapamycin inhibitors, leading to the emergence of CDK2/4/6 inhibitors as a novel therapeutic avenue to curb cancer cell proliferation. In preclinical studies conducted on mouse models, TY-0540 exhibited excellent tolerance up to 40 mg/kg (BID) and displayed preliminary efficacy in both breast cancer and pancreatic cancer at this dosage level. We received the implied IND approval from the FDA and the IND approval from the NMPA in June 2023 and September 2023, respectively. We are currently conducting a Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors in China.

- TY-2699a. TY-2699a is a selective CDK7 inhibitor intended for the treatment of advanced/metastatic solid tumors. Our preclinical studies showed that TY-2699a potentially has improved safety window with blood-brain barrier penetration capability. TNBC has the worst prognosis among the subtypes of breast cancer, with no targeted therapy available. With studies showing that CDK7 expression is correlated with poor prognosis in TNBC, we are conducting a Phase I clinical trial to evaluate the safety and efficacy of TY-2699a in TNBC. TY-2699a has demonstrated preliminary efficacy in TNBC in our preclinical studies in mice. The results revealed that when administered at 10 mg/kg (BID), TY-2699a exhibited significant tumor growth inhibition activity compared to the negative control group.

- TY-1210. TY-1210 is a selective CDK2 inhibitor intended for the treatment of solid tumors. CDK2 inhibition represents a promising, novel therapeutic approach to treat or prevent CDK4/6 inhibitor resistance in HR+/HER2− breast cancer. It is currently in the preclinical development stage.

- TY-0609. TY-0609 is a selective CDK4 inhibitor developed to address safety concerns related to existing CDK inhibitors. Moreover, its potential extends beyond breast cancer, showing indications of antitumor activities in lung, colorectal, and prostate cancers. TY-0609 is currently in the preclinical development stage.

Clinical demand-oriented clinical development strategy

We have a strong R&D team of translational medicine scientists and clinical research scientists with rich experience and knowledge. Our translational medicine scientists work closely to facilitate the bridging of our drug discovery and preclinical studies with clinical needs, with an aim to bring differentiated drug candidates to market. Our translational medicine team plays a key role in improving the success rates, time-efficiency and

cost-effectiveness of our clinical trials. On the other hand, our clinical scientists are highly experienced at formulating clinical development plans and determining regulatory pathways. Their rich experience in regulatory communication, both in China and overseas, also plays a key role in advancing our clinical development plans towards successful commercialization.

We have established long-term and trusted working relationships with top oncology hospitals and departments across China. For most of our Phase I and later phase clinical trials, we have worked with reputable PIs, which we believe could facilitate the smooth and safe conduct of our clinical trials to realize the clinical and commercial value of our drug candidates. We normally select multiple clinical sites to participate in our clinical trials to ensure an expedient enrollment of patients.

We insist on a clinical demand-oriented and highly responsive clinical development strategy and are committed to bringing our drug candidates to the market in the most timely and cost-effective manner. Our strategy involves initially targeting rare diseases or urgent unmet clinical needs to expedite the initial marketing approval. Subsequently, we aim to explore the drug's potential in other treatment areas. With an operating history of only seven years, we have already launched two pivotal clinical trials and have a total of six products in clinical trials. We proactively communicate with regulatory authorities on clinical trial design and pursue opportunities for expedited track of regulatory approval in an efficient manner. For example, because of our proactive communications with CDE, we obtained approval to conduct a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations using ORR and PFS as primary endpoints. This approval was based on the safety data collected from a Phase I clinical trial and the preliminary efficacy observed in a Phase II clinical trial for this indication. In addition, CDE also agreed to accept ORR data through pre-NDA communication to grant a conditional marketing approval. These approvals substantially expedited the clinical advancement of TY-9591, thereby accelerating the path toward their potential future launch.

Comprehensive in-house R&D and business development capabilities

Our in-house R&D capabilities, built on our proprietary technology platforms, are backed by our R&D centers in Huzhou, Zhejiang and Zhengzhou, Henan. Our R&D centers are equipped with advanced laboratories and state-of-art equipment and instruments. Our in-house R&D capabilities cover not only early-stage drug discovery, chemical synthesis and selection, but also clinical development and regulatory affairs.

In anticipation of the commercialization of our TY-9591 and TY-302, we are in the process of establishing our in-house cGMP-compliant manufacturing facility in Huzhou, Zhejiang Province, which has completed construction and is expected to commence commercial-scale manufacturing by the end of 2025. With a GFA of approximately 38,000 sq.m., such manufacturing facility is expected to have a designed annual production capacity of approximately 150 million tablets or capsules. We believe such manufacturing facility, once established, will also underlie our ability to enhance our R&D capabilities and advance clinical development.

In addition, we have been actively seeking global and regional partnerships with leading pharmaceutical companies to maximize the clinical and commercial value of our drug candidates. For example, we have entered into a out-licensing arrangement with Livzon in relation to TY-2136b, which we believe is a testament to our strong R&D capabilities.

Experienced and visionary management team backed by support from renowned Shareholders

We are led by a senior management team with extensive industry experience, complimentary backgrounds and experience as well as global vision, which are also key drivers of our success. In particular, Dr. WU Yusheng, the chairperson of our Board, our executive Director and chief executive officer, has more than 24 years of experience in biomedical research and management. Prior to co-founding the Company, Dr. Wu held prominent positions at world-renowned pharmaceutical companies, such as Schering-Plough Corporation. Dr. Wu has also been a "State Specially Recruited Expert" (國家特聘專家) as conferred by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since 2013. Dr. Wu obtained his doctor's degree in organic chemistry from Iowa State University of Science and Technology. Dr. Wu has also authored more than 120 scientific publications in leading chemistry and medicinal chemistry journals and has been granted more than 40 granted patents.

Dr. CHEN Shaoqing, our senior vice president of the medicinal chemistry department, has more than 23 years of experience in medicinal chemistry. Dr. Chen worked as a senior principal scientist at Hoffman-La Roche Inc. for more than 13 years and has served executive roles in a number of prominent listed companies such as Pharmaron, Inc. (康龍化成(北京)新藥技術股份有限公司). Dr. Chen obtained his master's degree and doctor's degree in chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所). Dr. Chen has been accredited as a "National Level Talent" (國家級人才) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) since October 2023.

Mr. CHEN Xiugui, our senior vice president of the clinical and registration department, has more than 16 years of experience in clinical development and registration of pharmaceutical products. Mr. Chen worked in prominent pharmaceutical companies such as Ascletis Pharmaceutical (Hangzhou) Co., Ltd. (世方藥業(杭州)有限公司), and Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司). Dr. JIANG Mingyu, our executive Director, vice president and Board secretary, has more than 11 years of experience in audits, risk management and equity research.

We have established our Scientific Committee, consisting of Dr. Wu, Dr. LI Jun and Dr. XU Wenqing, which advises our Board on scientific and strategic matters. Dr. Li, our non-executive Director, worked for over 20 years as a principal scientist and program leader at Bristol-Myers Squibb Co., USA, where he was primarily responsible for new drug discovery.

In addition to our management team, we benefit tremendously from the strong support of our Shareholders. From our inception, we have completed six rounds of fund raising from a diverse pool of Shareholders, providing us with invaluable guidance on product development and insights on strategic opportunities. Please see "History, Development and Corporate Structure."

OUR STRATEGIES

Accelerate the clinical development of our product candidates

We intend to accelerate the clinical development of our Core Product and Key Products to achieve commercialization, while continuing to explore potential combination therapy opportunities to fully unlock the commercial and clinical value of our product pipeline. In particular:

- TY-9591. We are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations. We plan to complete patient enrollment for this clinical trial in the third quarter of 2024, and submit an application to the NMPA for conditional marketing approval in the first quarter of 2025. In addition, we are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation. We plan to complete patient enrollment for this clinical trial in the fourth quarter of 2024, and submit a NDA in the second half of 2026. To fully explore the potential of TY-9591, we also applied for and obtained the IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March 2024, and expect to commence a Phase II trial in the second half of 2024. We expect to complete patient enrollment of the Phase II trial in the first half of 2026.

- TY-302. We are currently conducting a Phase II clinical trial of TY-302 in breast cancer. We expect to initiate a registrational Phase III clinical trial of TY-302 in combination with toremifene citrate as third- or later-line treatment in breast cancer in the first quarter of 2025, and we anticipate to submit a NDA in the second half of 2028. In addition, we plan to commence a Phase II clinical trial of TY-302 in combination with abiraterone as first-line treatment in prostate cancer in the second half of 2024 and we expect to commence a registrational Phase III clinical trial of TY-302 in the second half of 2026.

- TY-2136b. Livzon is currently conducting a Phase Ib clinical trial of TY-2136b in China and we are conducting a Phase I clinical trial in the U.S. Leveraging Phase I clinical data collected both in China and the U.S., we plan to communicate with the FDA and carefully design our future clinical development plan of TY-2136b in the U.S.

We also plan to rapidly advance the clinical development of our other clinical-stage and preclinical-stage drug candidates either as monotherapies or combination therapies to address unmet clinical needs. In particular:

- TY-2699a. We are currently in Phase Ia clinical stage of investigating TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in SCLC and TNBC) in China, and expect to commence Phase Ib study in the first quarter of 2025. We anticipate to commence a pivotal Phase II clinical trial in the second half of 2026.

- TY-0540. We are currently in Phase Ia clinical stage of investigating TY-0540 monotherapy or combination therapy in solid tumors in China, and expect to commence Phase Ib study in the first quarter of 2025. We anticipate to commence a pivotal Phase II clinical trial in the second half of 2026.

Continue enhancing R&D capabilities and expanding our pipeline

Our core competencies lie in our understanding of diseases and the mechanisms of action of drugs. We have made remarkable achievements so far, and in the future, we will continue to strengthen these capabilities. At the same time, we recognize that drugs with novel targets and mechanisms of action will enhance our competency in the pharmaceutical industry. Therefore, we have developed several innovative drug candidates, such as TY-1054, TY-1210, and TY-0609, and plan to continue the development of these candidates. Furthermore, we plan to actively invest in in-house discovery to seize market opportunities and to identify and develop innovative compounds.

Additionally, we intend to leverage Dr. Wu's experience in the development of innovative drugs for central nervous system diseases and pursue opportunities to expand into other therapeutic areas, such as central nervous system diseases, autoimmune diseases, and cardiovascular diseases.

Enhance manufacturing capability and establish commercialization capability

We plan to continue to enhance manufacturing capability by procuring additional manufacturing equipment and scaling up our manufacturing capacity when necessary, which we believe will prepare us for the commercialization of more pipeline products in the foreseeable future.

In addition, we plan to explore opportunities to vertically integrate our supply chain to secure upstream resources and improve our profitability by investment in or partnerships with selective and qualified raw material suppliers.

We also intend to establish sales and marketing capabilities through a combination of in-house efforts and working with external partners to leverage their sales and marketing expertise and well-established networks and resources.

Explore partnership opportunities to maximize the value of our drug candidates and further expand our product pipeline

We plan to continue to actively explore business collaboration opportunities with leading industry participants to accelerate our development timelines and maximize the clinical and commercial value of our drug candidates in other key international markets. For example, we will consider forging partnerships with multinational corporations to out-license the overseas rights of our assets when appropriate opportunities arise.

Meanwhile, we plan to enhance our business development team, which will continue to closely monitor and keep abreast of the evolving clinical demands, to pursue global opportunities to in-license new drug candidates. We may also selectively acquire or invest in innovative technologies to enhance our research and development capabilities or explore potential combination therapy partners for TY-9591. In addition, we may collaborate with leading universities or research institutions to develop new technologies or drug candidates. We will emphasize on assets that have potential synergies with our current pipeline and technology pipeline, and/or have best-in-class and/or first-in-class potential.

OUR DRUG CANDIDATES

Overview

We have built a pipeline of 11 drug candidates, including Core Product TY-9591, Key Product TY-302, our internally developed Key Product TY-2136b, four other innovative clinical products and four products in preclinical stage or early clinical development stage.

The following chart shows our drug candidates as of the Latest Practicable Date:

	Product[1]	Target (Modality)	Indication (Lines of Treatment)	Regimen	Preclinical / IND-Enabling / Ph I/Ia / Ph Ib/II / Registrational Pivotal Ph II/Ph III	Upcoming Milestone/ Current Status	Commercial Rights/ Partner
Clinical Stage	★ TY-9591	3rd-Generation EGFR	Brain metastases from NSCLC with EGFR mutations (1L)	Mono	*Pivotal Phase II trial ongoing in China*	NDA submission in Q1 2025	China
			Advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation (1L)	Mono	*Registrational Phase III trial ongoing in China*	NDA submission in 2H 2026	
			Advanced (stage IIIb to IV) or metastatic NSCLC with EGFR mutations	Combo	*IND approval for Phase II and Phase III trials in China*	Enter Ph II in 2H 2024	
	☆ TY-302	CDK4/6	Breast cancer (2L+)	Combo	*Phase II trial ongoing in China*	Enter Registrational Trial in Q1 2025	China
			Prostate cancer (1L)	Combo	*Phase II trial ongoing in China*	Enter Ph II in 2H 2024	
	☆ TY-2136b	ROS1/NTRK	ROS1/NTRK-mutant solid tumor	Mono	*Phase Ib study ongoing in China*	Ph Ib ongoing	Livzon (Greater China)[2]
			ROS1/NTRK-mutant NSCLC	Mono	*Phase I trial ongoing in the U.S.*	Ph I ongoing	Ex-Greater China
	TY-2699a	CDK7	SCLC, TNBC	Mono/ Combo	*Phase I trial ongoing in China*	Enter Ph Ib in Q1 2025	Global
					IND approval in the U.S.	IND approved	
	TY-0540	CDK2/4/6	Solid tumor	Mono/ Combo	*Phase I trial ongoing in China*	Enter Ph Ib in Q1 2025	Global
					IND approval in the U.S.	IND approved	
	TY-1091	RET	RET-fusion positive solid tumor	Mono	*Phase I trial ongoing in China*	Ph I ongoing	Global
					IND approval in the U.S.	IND approved	
	TY-4028	EGFR Exon 20	EGFR exon 20 insertion NSCLC	Mono	*IND approval in China*	Enter Ph I in December 2024	Global
					IND approval in the U.S.	IND approved	
	TY-1054	YAP-TEAD	Solid tumor	-	*IND approval in the U.S.*	IND approved (U.S.)	Global
					IND approval in China	IND approved (China)	
Preclinical Stage	TY-1210	CDK2	Solid tumor	-		IND submission in 2H 2025	Global
	TY-0609	CDK4	Solid tumor	-		IND submission in 2H 2025	Global
	TY-3200	EGFR (PROTAC)	NSCLC	-		IND submission in 2H 2025	Global

★ Core Product ☆ Key Product

Abbreviations: 1L = first line; 2L+ = third- or later-line; EGFR = epidermal growth factor receptor; CDK = cyclin-dependent kinase; ROS1 = ROS proto-oncogene 1; NTRK = neurotrophic tyrosine receptor kinase; RET = rearranged during transfection; YAP = yes associated protein; TEAD = transcriptional enhanced associate domain; PROTAC = proteolysis-targeting chimera; NSCLC = non-small cell lung cancer; SCLC = small cell lung cancer; TNBC = Triple-negative breast cancer; Ph = Phase; NDA = new drug application; 2H = second half; Q1 = first quarter.

Notes:

(1) The relevant intellectual property rights for TY-9591 and TY-302 were acquired from Changzhou Runnuo and Guangzhou Boji, and Tetranov Pharmaceutical, respectively. We have developed these two drug candidates at our own costs since preclinical stage. Except for these two drug candidates, all other drug candidates were internally discovered and developed by us.

(2) We have out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon. We maintain the rights to develop and commercialize this drug candidate in the rest of the world. For detailed information, see "— Collaboration Arrangement — Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b."

Source: Company Data

Currently, our research and development of pipeline products focus on two aspects: we strive to develop (i) products that can improve the outcome of lung cancer, which is a cancer that has significant medical needs, and (ii) products that aim to better explore the mechanism of action of inhibitors of CDK family in cancer treatment.

Lung Cancer

Lung cancer remains the leading cause of cancer mortality worldwide. About 90% of lung cancer cases are caused by smoking and the use of tobacco products. However, other factors such as air pollution exposures and chronic infections can contribute to lung carcinogenesis. In addition, multiple inherited and acquired mechanisms of susceptibility to lung cancer have been proposed. Lung cancer is highly heterogeneous that can arise in many different sites in the bronchial tree, therefore presenting highly variable symptoms and signs depending on its anatomic location. 70% of patients diagnosed with lung cancer present with advanced stage disease (stage III or IV). Lung cancer is divided into two broad histologic classes, which grow and spread differently: SCLCs and NSCLCs. The five-year survival rate can be as low as 9% for NSCLC patients and is less than 7% at all seer stages combined for SCLC patients. Treatment options for lung cancer include surgery, radiation therapy, chemotherapy, and targeted therapy. Therapeutic-modalities recommendations depend on several factors, including the type and stage of cancer. Despite the improvements in diagnosis and therapy made during the past 25 years, the prognosis for patients with lung cancer is still unsatisfactory. The responses to current standard therapies are poor except for the most localized cancers.

Lung cancer cells have defects in the regulatory circuits that govern normal cell proliferation and homeostasis. The transformation from a normal to malignant lung cancer phenotype is thought to arise in a multistep fashion, through a series of genetic and epigenetic alterations, ultimately evolving into invasive cancer by clonal expansion. Following the development of primary cancer, continued accumulation of genetic and epigenetic abnormalities, acquired during clonal expansion, influences the processes of invasion, metastasis, and resistance to cancer therapy. The identification and characterization of these molecular changes are of critical importance for improving disease prevention, early detection, and treatment. Notably, lung cancer is among the most common cancer types prone to developing brain metastases. According to Frost & Sullivan, the incidence of brain metastases in patients with advanced NSCLC can be nearly 25% at diagnosis, and approximately 30% to 55% of NSCLC patients develop brain metastases during treatment. The knowledge of both a patient's tumor characteristics and genetics will significantly advance the personalized prognosis and ideal treatment selection for each patient.

Genomic alterations in lung cancer include point mutations, rearrangement as well as somatic copy number alterations. Activating mutations can be found in a number of proto-oncogenes including KRAS, EGFR, BRAF, PI3K, MEK and HER2. Noteworthy, EGFR plays a critical role in regulating normal cell proliferation, apoptosis, and other cellular functions. According to Frost & Sullivan, among NSCLC patients, EGFR mutation represents the most frequent driver, occurring in 55.9% adenocarcinoma and 5.2% squamous cell carcinoma. Structural rearrangements in ROS1, RET and NTRK are also identified in lung cancer. Other factors, such as amplification of proto-oncogenes, oncogenic gene overexpression, inactivation of tumor suppressor gene, and enhanced telomerase activity, can also contribute to oncogenesis and progression of lung cancer.

Considering the severity of lung cancer and that there still exists large medical needs for lung cancer treatment, we have been focusing on developing targeted therapy for its treatment. Our drug candidates developed for lung cancer treatment include our Core Product TY-9591, and other products including TY-2136b, TY-2699a, TY-1091, TY-4028 and TY-3200.

CDK Family

CDKs are a group of serine/threonine kinases whose activity is regulated by both cell cycle proteins and CDK inhibitors. They play crucial roles in governing cell cycle checkpoints and DNA transcription, acting as pivotal regulators during cell division and proliferation. By forming heterodimers with cell cycle proteins in response to diverse internal and external cell signals, CDKs regulate cell division. In humans, the CDK and cell cycle protein family is extensive, comprising 29 cell cycle proteins and 20 CDK proteins identified so far. While CDK1, 2, 3, 4, and 6 directly influence cell cycle transitions and division, CDKs7-11 primarily govern DNA transcription.

Cell cycle regulation is complex and comprises two major phases: interphase and mitosis. The former can be subdivided into three phases: G1 phase for preparing for DNA synthesis, S phase for DNA synthesis, and finally, G2 phase for preparing for cell division. The M phase includes prophase, metaphase, anaphase, and telophase. After M phase, one cell will be divided into two daughter cells. During interphase, the G1-S transition is a critical restriction point, resulting in one of three fates for the cell: continue cycling, exit active proliferation, or enter a quiescent (G0) state. Many growth factors and inhibitors interact to coordinate cell cycle progression, and the CDK4/6-Rb pathway plays a central role in regulating the G1 to S phase transition.

CDKs require the presence of cyclins to become active. Cyclins are a family of proteins that have no enzymatic activity of their own but activate CDKs by binding to them. CDKs must also be in a particular phosphorylation state — with some sites phosphorylated and others dephosphorylated — in order for activation to occur. Correct phosphorylation depends on the action of other kinases and a second class of enzymes called phosphatases that are responsible for removing phosphate groups from proteins.

Since activity of CDKs is associated with induction of stem cell properties, drugs targeting these proteins might be used for effective elimination of cancer stem cells and reduction of tumor metastases. This implicates that CDKs are involved in the pathogenesis of a high spectrum of cancers, including different types of carcinomas as well as non-epithelial malignancies. Coming from this point of view, CDKs will come more and more in the focus as therapeutical targets. We have been actively exploring the CDK family as the target for cancer treatment. Our drug candidates include TY-302 (a CDK4/6 inhibitor), TY-2699a (a CDK7 inhibitor), TY-0540 (a CDK2/4/6 inhibitor), TY-1210 (a CDK2 inhibitor), and TY-0609 (a CDK4 inhibitor).

Core Product: TY-9591 – A Third-Generation EGFR-TKI

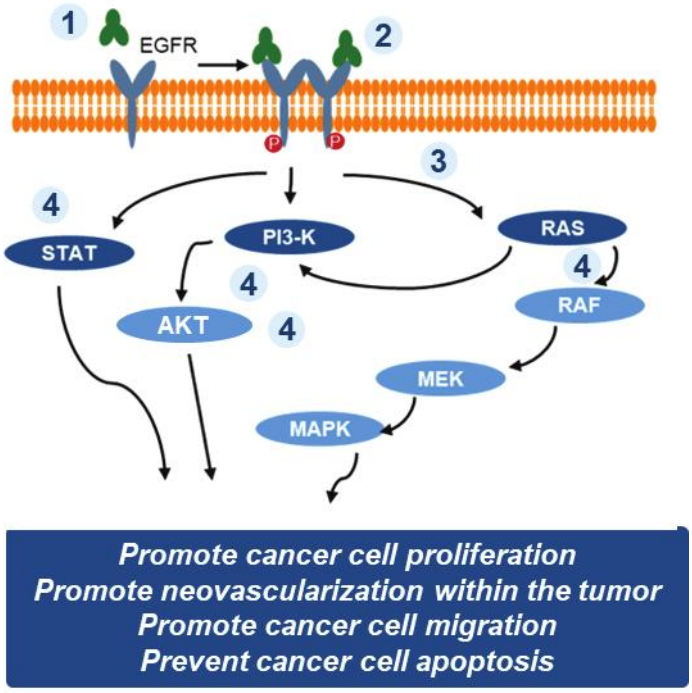
TY-9591 is a third-generation EGFR-TKI with antitumor effects on EGFR mutations. It can irreversibly bind to certain EGFR mutants including L858R mutation, exon 19 deletion, L858R/T790M mutation, and exon 19 deletion/T790M mutation, and thus inhibit the downstream signaling cascade, such as Ras/Raf/MEK/ERK or PI3K/AKT pathway, ultimately inhibiting the proliferation and metastasis of cancer cells. TY-9591 was modified by H/D exchange of osimertinib. It may retain the advantages of osimertinib, but also affect the way that osimertinib is metabolized, which may reduce the formation of the metabolite TY-9591-D1 (AZ5104). Based on preclinical studies, TY-9591-D1 (AZ5104) is showed to have lower tumor selectivity than its original drug form TY-9591 and osimertinib. It also showed higher affinity to wild-type EGFR than its original drug form TY-9591 and osimertinib. By reducing the production of TY-9591-D1, TY-9591 is expected to be safer than osimertinib and can be administered at a higher dose level, leading to improved antitumor efficacy and a higher level of blood-brain entry. Among 29 evaluable NSCLC treatment-naïve patients with brain metastases enrolled in our Phase Ib and Phase II clinical studies, we observed that 25 patients reached intracranial PR and four reached CR, with an intracranial ORR of 100%. In addition, although not a head-to-head comparison, clinical data from our Phase Ib study showed that TY-9591 has demonstrated promising efficacy and safety profile with the median PFS of 21.5 months, confirmed ORR of 85.9% and confirmed DCR of 94.9% in NSCLC patients with EGFR mutations (L858R/exon 19 deletion). Notably, the median PFS for exon 21 L858R mutation patients reached 19.3 months. In addition, no DLT was observed and the incidence and severity of AEs were acceptable.

We are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations. We expect to complete patient enrollment for this clinical trial in the third quarter of 2024, and submit an application to the NMPA for conditional marketing approval in the first quarter of 2025. In addition, we are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR L858R mutation. We expect to complete patient enrollment for this clinical trial in the fourth quarter of 2024, and submit a NDA in the second half of 2026. To fully explore the potential of TY-9591, we also applied for and obtained the IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March 2024, and expect to commence a Phase II trial in the second half of 2024. We expect to complete patient enrollment in the first half of 2026.

Mechanism of Action

EGFR-TKI

EGFR (ErbB1) is a cell surface receptor from the ErbB receptor family and is one of four related receptor tyrosine kinases, along with HER2/c-neu (ErbB2), HER3 (ErbB3), and HER4 (ErbB4). After ligand binding, EGFR changes from an inactive monomer to an active homodimer. It may also form a heterodimer with another member of the ErbB receptor family. EGFR dimerization induces intrinsic protein-tyrosine kinase activity that results in autophosphorylation of its C-terminal tyrosine residues. Autophosphorylation of EGFR activates downstream signaling cascades such as the AKT, MAPK, and JNK pathways, which ultimately leads to DNA synthesis, cell cycle progression, and proliferation.



Source: Literature Review, Frost & Sullivan Analysis

Mutation, amplification, or dysregulation of the EGFR family is proposed to occur in approximately 30% of epithelial cancers. Somatic mutations that lead to EGFR hyperactivation are associated with a number of cancers, including NSCLC, colorectal cancer, and glioblastoma multiforme. These somatic mutations involving the EGFR TKD lead to the persistent activation of its downstream signaling pathways, which results in uncontrolled cell proliferation.

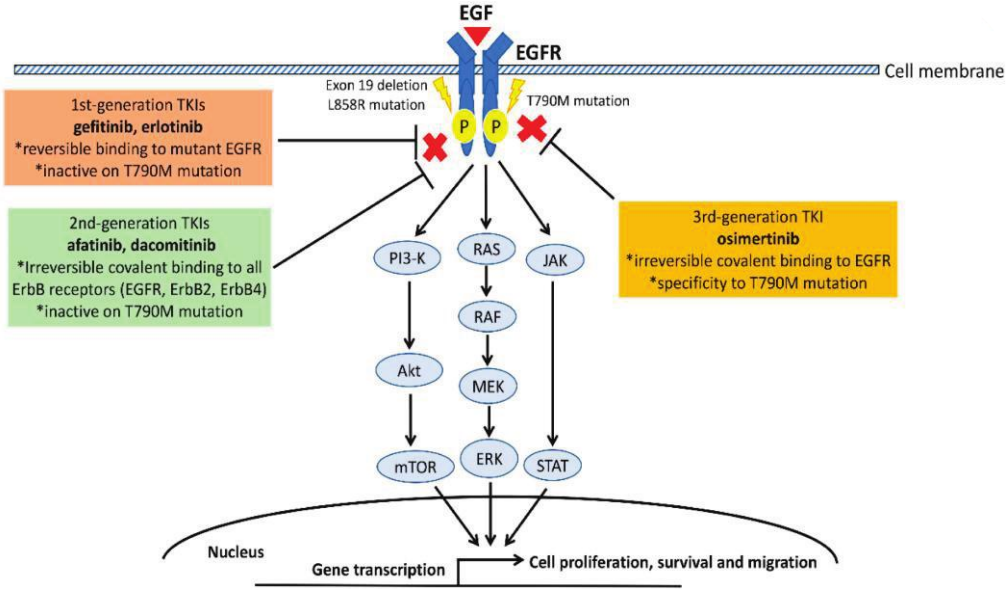
EGFR-TKIs have been widely described as being useful for the treatment of lung cancer patients with EGFR mutations, and their use has led to improved PFS and OS compared to conventional treatments such as chemotherapy. However, the reduction in efficacy and the emergence of resistant cancers became the ultimate reason for treatment failure, which creates new challenges for the daily management of patients with EGFR mutations. In response, researchers have developed to date three generations of EGFR-TKIs to improve the patient outcomes.

Three Generations of EGFR-TKIs

The first-generation EGFR-TKIs, including erlotinib, gefitinib and icotinib, are reversible inhibitors that can inhibit the EGFR TKD in an ATP-competitive and -reversible manner. They were effective for NSCLC patients with EGFR mutation in the first-line setting. Unfortunately, despite initial benefit, most patients develop acquired resistance to them within one year, which is driven in approximately 50% of cases by a second-site EGFR point mutation, the T790M mutation occurring within exon 20. Second-generation EGFR-TKIs, afatinib and dacomitinib, irreversibly inhibit all four ErbB receptors including EGFR. As such, they were designed to be more potent inhibitors of EGFR, aiming to improve ORR and PFS, but still unable to overcome the drug resistance caused by the major EGFR mutation: T790M.

The T790M mutation increases the competition between ATP and the reversible EGFR-TKIs by exerting effects on both steric hindrance and increased ATP affinity to mutant EGFR receptor, thereby decreasing the efficacy of first- and second-generation EGFR-TKIs. The third-generation EGFR-TKIs, for example osimertinib, have satisfactory efficacy in overcoming acquired resistance to the first- and second-generation EGFR-TKIs mediated by T790M mutation. These mutant-selective EGFR-TKIs could represent a promising approach to overcome T790M-mediated resistance in NSCLC patients. For example, osimertinib was approved by the FDA in 2015 for the treatment of patients with metastatic EGFR mutated NSCLC who have acquired the EGFR T790M resistance mutation. In addition, the third-generation EGFR-TKIs exhibited selectivity against EGFR mutations over wild-type EGFR. This favorable property resulted in improved safety profile.

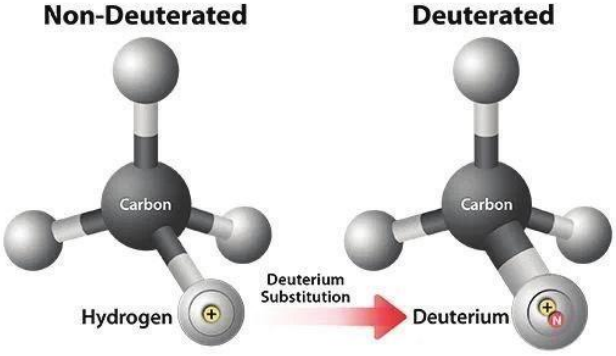
All third-generation EGFR-TKIs employ a similar mechanism of action. Since the approval of osimertinib, other third-generation EGFR-TKIs have been designed with structural modifications based on osimertinib. For example, almonertinib replaces the methyl group in the indole ring with a cyclopropyl group, and furmonertinib is optimized by substituting the methoxy group on the benzene ring with a 2,2,2-trifluoroethyl group and introducing a nitrogen atom. As a third-generation EGFR-TKI, TY-9591 also employs a similar mechanism of action as other third-generation EGFR-TKIs. TY-9591 is modified by H/D exchange of osimertinib. Such modifications may retain the advantages of osimertinib, but also affect the way that osimertinib is metabolized, which may reduce the formation of the metabolite TY-9591-D1 (AZ5104).



Source: Literature Review

H/D Exchange

The deuterium atom is a non-radioactive "twin" of the hydrogen atom, which weighs one atomic mass (Dalton) more than the hydrogen atom. H/D exchange is a bioisosteric replacement in which covalently bonded hydrogen atoms are replaced by deuterium atoms. A deuterium drug is a drug in which one or more hydrogen atoms in the molecule of the original drug are replaced by deuterium atoms, leaving everything else unchanged.



Source: Literature Review

Deuterium naturally exists in normal water. Ocean water range from 0.0153 to 0.0156 mole percentage deuterium, whereas fresh waters of the U.S range from 0.0133 to 0.0154 mole percentage deuterium. Over the years, reliable data on the safety of deuterium in humans have emerged, and this isotope has therefore become increasingly popular in drug discovery, not only because of its safety as a tracer in metabolic studies, but also because of its ability to be incorporated as a bio-heterogene into pharmacologically active compounds.

Deuterium substituted drugs are almost identical to the original drug in terms of physical properties, chemical properties, *in vitro* bioactivity and toxicity. Only the molecular weight is one to several Daltons larger than that of the original drug. The biological activity and toxicity of the deuterated drug itself is identical to that of the original drug *in vivo*. However, because the C-D bond is stronger than the C-H bond and is at a critical metabolic site, deuterium substituted drugs may reduce the metabolic rate and make the resulting molecule more stable. The pharmacological advantages of deuterium substituted drugs are: (1) reducing the metabolic rate of the original drug to improve its pharmacokinetics, thereby increasing the exposure of the original drug or prolonging the retention time of the drug *in vivo*, to reduce the dosage or frequency of drug administration; and (2) decreasing the emission of metabolites to minimize toxic side effects.

Deuterium drugs are identical to the original drug in terms of *in vitro* bioactivity and toxicity, thus their clinical development is relatively predictable and precise. For example, Austedo, a deuterated form of tetrabenazine, received NDA approval from the FDA in 2017 with an indication for tardive dyskinesia and choreiform movement in Huntington's disease; CTP-656, now known as VX-561, is the deuterium-modified form of Kalydeco, received the NDA approval from the FDA for the treatment of cystic fibrosis in 2017; donafinil tablets, a deuterium substitute for sorafinil, received the NDA approval from the NMPA in 2021 for patients with unresectable hepatocellular carcinoma who have not received prior systemic treatment; deucravacitinib, a *de novo* deuterium-modified small molecule tyrosine kinase 2 inhibitor for the treatment of a variety of autoimmune diseases, was approved by the NMPA in 2023 for the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy.

Market Opportunity and Competition

Based on the clinical data obtained from the early clinical trials in NSCLC, we believe TY-9591 can be an improved treatment for locally advanced or metastasis NSCLC patients with EGFR mutations (L858R/exon 19 deletion) and locally advanced or metastasis NSCLC patients with brain metastases. We are currently actively progressing pivotal clinical trials of TY-9591 for the selected indications.

NSCLC is any type of epithelial lung cancer other than SCLC, accounting for 85% of lung cancer. According to Frost & Sullivan, the number of new NSCLC cases with EGFR mutations in China increased from 358.5 thousand to 433.3 thousand from 2017 to 2023, and is estimated to reach 487.4 thousand and 568.0 thousand, respectively, in 2027 and 2033. In China, the EGFR-TKI market increased from RMB3.1 billion in 2017 to RMB14.5 billion in 2023, representing a CAGR of 29.3%. Driven by increasing demand for targeted therapies and new approaches to solve drug resistance, the EGFR-TKI market in China is expected to reach RMB20.1 billion and RMB28.4 billion in 2027 and 2033, respectively.

According to Frost & Sullivan, among all NSCLC patients, EGFR mutation predominantly constitutes 50.2% in China in 2023. Among them, exon 19 deletion and L858R mutation account for 85% of EGFR mutations, with exon 19 deletion contributing 44.8% and L858R contributing 39.8% to the overall EGFR mutation profile. The EGFR-TKI market focusing on exon 21 L858R mutation increased from RMB1.4 billion in 2017 to RMB5.6 billion in 2023, representing a CAGR of 26.2%, and is projected to further grow to RMB11.9 billion in 2033, with a CAGR of 7.8% from 2023 to 2033.

Brain metastases occur when cancer cells spread from their original site to the brain. Lung cancer is among the cancer types that most likely cause brain metastases. The annual incidence of lung cancer in China is 1,015.5 thousand in 2023 and the incidence of brain metastases in patients with advanced NSCLC can be nearly 25% at diagnosis, approximately 30% to 55% of NSCLC patients develop brain metastases during treatment, and the incidence of brain metastases increases year by year during the survival period. The incidence of brain metastases in NSCLC patients with EGFR mutation is higher than those without EGFR mutation. The natural average survival of NSCLC patients with brain metastases, i.e. the average survival period for NSCLC patients with brain metastases without any treatment, is only one to two months, and the prognosis is poor, which seriously jeopardizes patients' lives and quality of life. According to Frost & Sullivan, currently, there is no drug approved for this indication globally, underscoring urgent unmet medical needs.

From 2017 to 2023, the number of new patients with brain metastases from lung cancer worldwide increased from 333.5 thousand to 392.3 thousand, and is estimated to reach 508.7 thousand in 2033. From 2017 to 2023, the number of new patients with brain metastases from lung cancer in China increased from 137.6 thousand to 166.3 thousand, and is estimated to reach 218.0 thousand in 2033.

As of the Latest Practicable Date, there were six third-generation EGFR-TKIs approved for NSCLC with EGFR exon 19 deletion, exon 21 L858R and exon 20 T790M in China, and only befotertinib, furmonertinib, almonertinib, and osimertinib were approved as first-line treatment. None of these drugs were indicated for brain metastases from lung cancer.

Among the third-generation EGFR-TKI candidates that were in clinical development for NSCLC as of the Latest Practicable Date, only two were indicated for NSCLC with brain metastases and TY-9591 was the most clinically advanced EGFR-TKI candidate. For details about the competitive landscape of third-generation EGFR-TKIs, see "Industry Overview — EGFR-TKI DRUGS MARKET — EGFR-TKI — Competitive Landscape of Third-Generation EGFR-TKIs in China."

Competitive Advantages

Advantage of third-generation EGFR-TKIs

To date, three generations of small-molecule EGFR-TKIs have been designed and developed. The first-generation EGFR-TKIs are low molecular weight, reversible, oral EGFR inhibitors which exert their antitumor activity by inhibiting the intracellular phosphorylation of the EGFR receptor. Despite the remarkable clinical responses observed in advanced/metastatic NSCLC patients with EGFR mutations treated with first-generation EGFR-TKIs, acquired resistance to these compounds inevitably develops within 12 months, principally due to the section of resistant clones harboring the secondary EGFR-T790M mutation. Second-generation EGFR-TKIs are irreversible pan-ErbB inhibitors that target a broader inhibitory profile on the ErbB receptor family and a more robust inhibition of downstream signaling. However, like the first-generation EGFR-TKIs, they also failed to overcome resistance in T790M-mutant lung cancer patients, because the dosage required to achieve the complete inhibition of T790M-mutant tumors is associated with unacceptable toxicity. As such, the third-generation EGFR-TKIs have been developed to overcome the EGFR T790M-mediated resistance. Osimertinib, the third-generation EGFR-TKI, irreversibly and selectively targets the EGFR T790M mutation. It was approved by the FDA in November 2015 for the treatment of patients with metastatic EGFR-mutant NSCLC who have acquired the EGFR T790M resistance mutation, and then approved by the FDA as the first-line therapy for advanced NSCLC with EGFR mutations in April 2018.

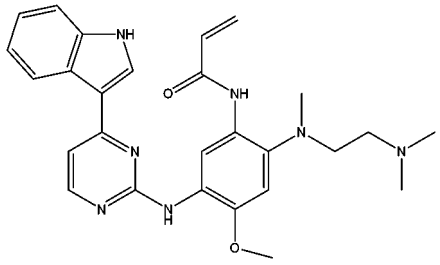
Clinical trials have demonstrated that osimertinib has improved efficacy compared to chemotherapy and previous generations of EGFR-TKIs. For example, the Phase III FLAURA trial explored the efficacy and safety of osimertinib as first-line therapy for EGFR-mutant advanced/metastatic NSCLC in comparison with gefitinib and erlotinib. First-line treatment with osimertinib was associated with a significantly longer PFS (18.9 months vs. 10.2 months). Despite a longer duration of exposure, patients treated with osimertinib had lower rates of serious adverse effects than patients who received first-generation EGFR-TKIs (34% vs. 45%).

TY-9591 demonstrates potentially better safety profile than osimertinib

Improving the safety of osimertinib is expected to broaden its therapeutic window, which could potentially be beneficial for higher exposure of osimertinib, and may potentially lead to the increased shrinkage of brain tumor. After oral administration of osimertinib, there are two main pharmacologically active metabolites: AZ5104 and AZ7550. Metabolite AZ5104 has lower mutation selectivity, poor tumor tissue selectivity, no blood-brain barrier penetration, and causes side effects that do not relate to treatment efficacy.

Preclinical study of TY9591 in comparison with osimertinib

TY-9591 was modified by H/D exchange of osimertinib to enhance its safety, allowing for a higher administration dosage and thus, potentially, improved efficacy. Such modifications may affect the way that osimertinib is metabolized, which may reduce the formation of the metabolite TY-9591-D1 (AZ5104). Based on preclinical studies, TY-9591-D1 (AZ5104) is showed to have much higher affinity to normal cells that express EGFR without mutations, and thus is the major cause of AEs of TY-9591 and osimertinib. By reducing the production of TY-9591-D1, TY-9591 is expected to be safer than osimertinib and can be administered at a higher dose level, leading to improved antitumor efficacy and a higher level of blood-brain entry. As confirmed by preclinical studies, TY-9591-D1 and AZ5104 share the same chemical formula, structure, and systemic distribution. The chemical structure of AZ5104 has been reported in publications, with its chemical formula identified as $C_{27}H_{31}N_7O_2$. The structure is depicted below:



Source: Literature review

Based on research results from independent third parties using liquid chromatography-mass spectrometry and nuclear magnetic resonance, TY-9591-D1 has been confirmed to have the same structure and chemical formula as AZ5104. Additionally, preclinical studies conducted by an independent third party have verified that the PK and toxicokinetics of TY-9591-D1 were the same as those of AZ5104. This further confirmed that TY-9591-D1 shared the same systemic exposure as AZ5104. Considering that TY-9591-D1 and AZ5104 are the same chemical compound, comparing the production of TY-9591-D1 from TY-9591 and AZ5104 from osimertinib can provide insights into the level of degradation for these two products.

We conducted a head-to-head study in mice to analyze the PK profiles of TY-9591 and AZD9291 (osimertinib). Each mouse received 25mg/kg of either TY-9591 or AZD9291 through oral administration. The findings revealed that under identical conditions, osimertinib generated five times more AZD5104 than TY-9591. Furthermore, the ratio between AZD9291 and AZD5104 was 2.3:1, while the ratio between TY-9591 and TY-9591-D1 was 13:1.

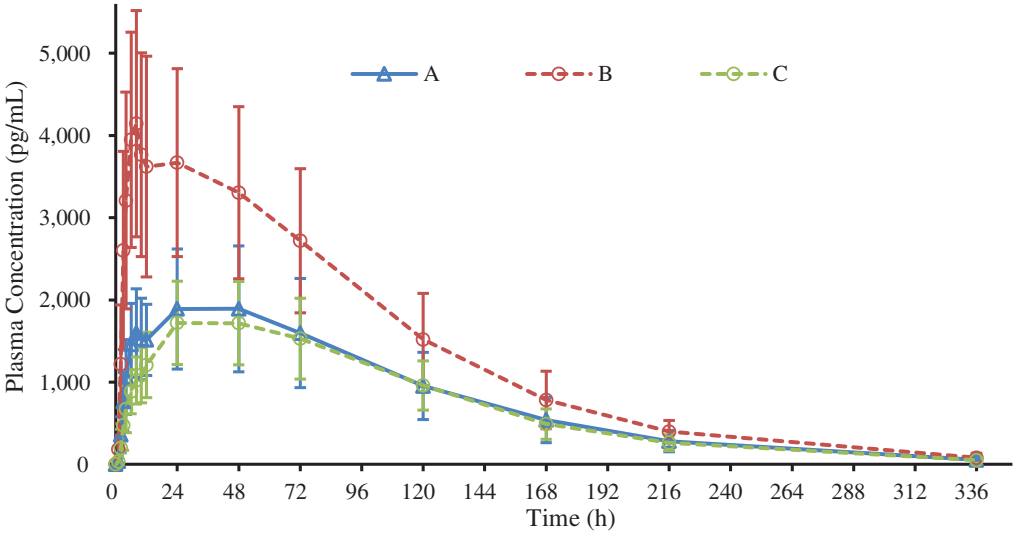
PK profile	Unit	AZD9291 (25mg/kg)	AZ5104 (TY-9591-D1)	TY-9591 (25mg/kg)	TY-9591-D1 (AZ5104)
Cmax	ng/mL	549	181	507	37
AUClast	h*ng/mL	2128	859	1939	152
T1/2	h	3.7	21.6	3.3	10.5

Source: Company Data

Clinical study of TY-9591 in comparison with osimertinib

Our clinical studies also support a similar conclusion. In a Phase I clinical trial in healthy subjects, we investigated the mean drug metabolite concentration-time profiles after a single oral dose of 80 mg TY-9591 and osimertinib in healthy subjects. Compared to osimertinib, the results showed an approximately 50% reduction in metabolite TY-9591-D1 exposure levels after TY-9591 administration, indicating that TY-9591 may have an improved safety profile than osimertinib.

Plasma Concentration of TY-9591-D1 (AZ5104) in Healthy Subjects



A TY-9591 Tablet (Fasted) (80mg) B Osimertinib (Fasted) (80mg) C TY-9591 Tablet (After a high fat meal) (80mg)

Source: Company Data

In addition, in the Phase I study in healthy adult subjects, 10 out of 16 subjects experienced AEs, and all of which were Grade 1 or 2 in severity. Only four were likely related to the study drug. We observed no SAEs occurred during the trial, and no subjects withdrew from the trial due to AEs.

Therefore, in summary, the results of the Phase I clinical trial in healthy subjects demonstrated that upon modifications, TY-9591 can potentially generate less TY-9591-D1 (AZ5104) compared to osimertinib when administered at 80 mg. Furthermore, as verified in the same trial, TY-9591 demonstrated an improved safety profile compared to osimertinib. These encouraging data provided a preliminary basis for the Company to raise the dose level of TY-9591 beyond 80 mg in the following clinical trials.

Non-head-to-head comparison of TY-9591 with osimertinib

Safety data primarily relate to a drug's structural characteristics, target, and mechanism of action. In addition, the safety baseline for advanced or metastatic NSCLC patients should be roughly the same. Therefore, the safety data should be comparable between patients from different clinical trials. Because TY-9591 was investigated in China among Chinese patients, we used the FLAURA China cohort of osimertinib to exclude any potential challenges arising from racial differences.

TY-9591 demonstrated a favorable safety profile among advanced NSCLC patients. In a Phase I study in advanced NSCLC, we evaluated the safety of TY-9591 in a total of 105 patients who received 20mg to 200mg TY-9591 QD. The results showed that no DLT was observed during the observation period (starting from receiving the first treatment until the end of one cycle with continuous dosing). The overall incidence of SAEs was 19.0%, with only 7.6% of these events being treatment-related. Most patients experienced SAEs due to their poor overall condition at enrollment. Additionally, most treatment-related SAEs lead to symptom disappearance after either reducing the dosage or temporarily discontinuing the drug. Only one patient withdrew from the trial due to a decrease in white blood cell count, neutrophil count, and platelet count. Data collected from the below detailed clinical trials showed that TY-9591 is safer than osimertinib according to data from the China cohort of the Phase III FLAURA trial and its drug label according to a non-head-to-head comparison.

As of May 17, 2023, a total of 134 subjects were exposed to TY-9591 in two clinical studies (TYM1601101, TYM1601201) in patients with NSCLC, of which 38, 39 and 50 were in the three extended dose groups of 80 mg, 120 mg and 160 mg, respectively. Among these patients, data from 38 patients in the 80 mg group, 39 patients in the 120 mg group, and 21 patients in the 160 mg group were collected from the Phase Ib clinical trial of TY-9591 monotherapy in advanced NSCLC. Data from 29 patients were collected from the Phase II clinical trial of TY-9591 monotherapy in brain metastases from lung cancer with EGFR mutations. The median treatment duration was approximately 22.5 months for 105 patients in the Phase I dose escalation and expansion studies and 8.5 months for 29 patients in the Phase II study.

Dose-dependent safety profiles were observed. Specifically, in terms of the incidence of ≥Grade 3 TEAE and study drug related ≥Grade 3 TEAE, the 80 mg cohort showed better safety profile than the 120 mg and 160 mg cohorts, while there was no obvious difference among the 120 mg and 160 mg cohorts. In general, the incidence of TEAEs and SAEs in the dose expansion groups of 80 mg TY-9591 QD appeared to be lower than that of 80 mg osimertinib QD in the FLAURA study in the Chinese population. The incidence of ≥Grade 3 TEAEs and SAEs in the dose expansion groups of 160 mg TY-9591 QD appeared to be comparable to that of 80 mg osimertinib QD in the FLAURA study in the Chinese population. In addition, no deaths were definitively concluded to be caused by TY-9591, whereas osimertinib recorded 4% study-drug related death.

Adverse Events Summary Table (TY-9591 vs. Osimertinib) in Chinese Population Based on a Non-Head-to-Head Comparison

	TY-9591			**Osimertinib**
	80 mg (N=38)	**120 mg (N=39)**	**160 mg (N=50)**	**80mg (N=71)***
	n (%)	*n (%)*	*n (%)*	*n (%)*
All TEAE	38 (100.0)	39 (100.0)	49 (98.0)	70 (99)
≥Grade 3 TEAE	10 (26.3)	19 (48.7)	22 (44.0)	38 (54)
Study drug related TEAE	37 (97.4)	35 (89.7)	47 (94.0)	66 (93)
Study-drug related ≥ Grade 3 TEAE	5 (13.2)	16 (41.0)	19 (38.0)	18 (25)
TEAE leading to death	4 (10.5)	2 (9.1)	2 (4.0)	7 (10)
Study-drug related TEAE leading to death	0	0	0	3 (4)
All SAE	9 (23.7)	10 (25.6)	9 (18.0)	25 (35)
Study-drug related SAE	3 (7.9)	5 (12.8)	3 (6.0)	9 (13)
TEAE leading to dose reduction	0	3 (7.7)	7 (14.0)	0
Study-drug related TEAE, leading to dose reduction	0	3 (7.7)	7 (14.0)	0
TEAE leading to dose interruption	12 (31.6)	14 (35.9)	16 (32.0)	15 (21)
Study-drug related TEAE, leading to dose interruption	4 (10.5)	14 (35.9)	12 (24.0)	/
TEAE leading to discontinuation	2 (5.3)	2 (5.1)	2 (4.0)	9 (13)
Study-drug related TEAE, leading to discontinuation	1 (2.6)	2 (5.1)	1 (2.0)	6 (9)

Note:

* Data of 71 patients is collected from the China cohort of the FLAURA study in the Chinese population.

Source: Literature Review; Company Data

According to the data available from the drug label of osimertinib and the Phase III FLAURA trial, TY-9591 appeared to achieve a more favorable safety profile than osimertinib. Specifically, the incidence of skin and subcutaneous tissue and gastrointestinal system adverse reactions appeared to be lower with the 160 mg dose of TY-9591 than with the 80 mg dose of osimertinib. Although no head-to-head data are available at this stage, we believe the following comparison sheds light on the differentiated features and advantages of TY-9591 from a safety perspective:

Summary of Common Adverse Events (> 10%)
(TY-9591 vs. Osimertinib) Based on a Non-Head-to-Head Comparison

		TY-9591						Osimertinib	
PT/SOC		**80 mg (N=38)**		**120 mg (N=39)**		**160 mg (N=50)**		**80mg (N=71)***	
		All grades	**≥ Grade 3**	**All grades**	**≥ Grade 3**	**All grades**	**≥ Grade 3**	**All grades**	**≥ Grade 3**
		n (%)		*n (%)*		*n (%)*		*n (%)*	
Various types of inspections	Decreased white blood cell count	55.3%	0	46.2%	7.7%	60.0%	4.0%	68%	1.5%
	Decreased neutrophil count	52.6%	2.6%	30.8%	7.7%	54.0%	10.0%	35%	4.1%
	Elevated blood creatine phosphokinase	36.8%	2.6%	35.9%	7.7%	34.0%	12.0%	/	/
	Decreased platelet count	42.1%	0	33.3%	2.6%	40.0%	0	54%	1.6%
	Elevated aspartate aminotransferase	31.6%	0	30.8%	0	26.0%	0	11.3%	4.2%
	Elevated alanine aminotransferase	34.2%	0	33.3%	2.6%	18.0%	2.0%	5.6%	1.4%
	Weight loss	21.1%	0	20.5%	0	12.0%	6.0%	/	/
	Prolonged QT interval on electrocardiogram	13.2%	0	10.3%	2.6%	12.0%	4.0%	10%	4.5%
	Decreased lymphocyte count	15.8%	0	17.9%	7.7%	28.0%	6.0%	67%	7.2%
	Elevated blood creatinine	21.1%	0	10.3%	0	14.0%	0	/	/
	Elevated blood creatine phosphokinase MB	18.4%	0	12.8%	0	10.0%	0	/	/
GI system disease	Diarrhea	28.9%	2.6%	28.2%	0	24.0%	0	49%	1.2%
	Oral mucositis	10.5%	0	10.3%	0	14.0%	2.0%	20%	0.2%
Blood and lymphatic system disease	Anemia	26.3%	2.6%	38.5%	2.6%	28.0%	0	16.9%	/

PT/SOC		TY-9591 80 mg (N=38) All grades	TY-9591 80 mg (N=38) ≥ Grade 3	TY-9591 120 mg (N=39) All grades	TY-9591 120 mg (N=39) ≥ Grade 3	TY-9591 160 mg (N=50) All grades	TY-9591 160 mg (N=50) ≥ Grade 3	Osimertinib 80mg (N=71)* All grades	Osimertinib 80mg (N=71)* ≥ Grade 3
		n (%)		*n (%)*		*n (%)*		*n (%)*	
Metabolic and nutritional disease	Hypertriglyceridemia	18.4%	0	23.1%	0	14.0%	0	/	/
Diseases of the skin and subcutaneous tissue	Rash (acne-like dermatitis)	15.8%	0	17.9%	0	12.0%	0	47%	0.9%
	Dry skin (eczema)	0	0	12.8%	0	6.0%	0	33%	0.1%
	Acne-like dermatitis	2.6%	0	10.3%	0	6.0%	0	18.3%	/
	Itchiness	0	0	0	0	4.0%	0	17%	0.1%
	Nail groove	5.3%	0	7.7%	0	10.0%	0	31%	0.3%

Notes: The symbol "/" refers to "not available".

* Data of 71 patients are collected from the China cohort of the FLAURA study in the Chinese population.

Source: Drug Label of Osimertinib; Literature Review; Company Data

AEs associated with administration of 160 mg TY-9591 QD were similar to the types of AEs common to EGFR-TKIs, with no new safety concerns identified. The incidence and severity of common skin and subcutaneous and diarrhea AEs, as well as the incidence of SAEs, were lower compared to those of 80 mg osimertinib QD.

In addition, we investigated the safety profile of TY-9591 in NSCLC patients with brain metastases, which showed that the drug candidate was well tolerated among the patients, consistent with previous safety observations. In this study, a total of 24 NSCLC patients with brain metastases received at least one single dose of 160mg TY-9591 once daily (cut-off date December 21, 2022). The incidence of Grade 3 and above ADRs was less than 5%. The overall incidence of SAEs was 8.3% and treatment-related SAEs was 8.3%. The study drug-related SAEs were primarily nasal inflammation and cerebral infarction. The nasal inflammation resolved without requiring a dosage adjustment, while the cerebral infarction showed improvement after temporarily discontinuing the drug. Notably, there were no deaths related to the study drug observed in this study.

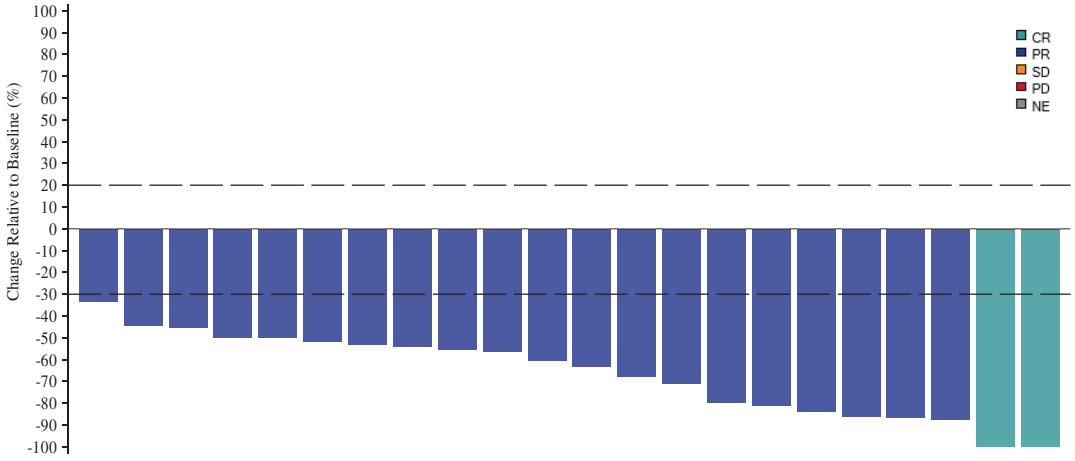
TY-9591 demonstrates potentially improved efficacy compared to osimertinib

TY-9591 monotherapy for brain metastases in NSCLCs

Because the molecular design of TY-9591 improves osimertinib's safety profile, a higher dose of TY-9591 can be safely used in humans compared to osimertinib, i.e. 160 mg vs. 80 mg. As such, the therapeutic window of TY-9591 is expanded and its efficacy, especially the efficacy in patients with brain metastases, can be potentially improved.

In a Phase II clinical study conducted by us, of the 22 patients with brain metastases from lung cancer (cut-off date of March 10, 2023), 20 (90.9%) experienced PRs intracranially and two experienced CRs, with a confirmed intracranial ORR of 100%. Systemic PR occurred in 20 cases (90.9%) and SDs occurred in two cases, with a systemic ORR of 90.9%. After 6-weeks treatment, intracranial tumor lesion significantly reduced. The median depth of response was 62.0%.

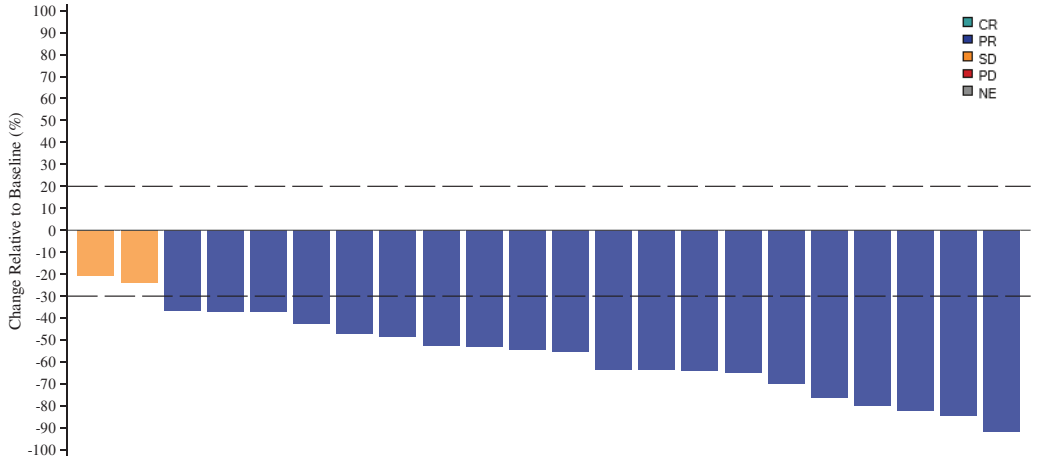
Waterfall Plots of Changes in Total Longest Diameter of Intracranial Target Lesions Relative to Baseline



Note: Best efficacy determined as of March 2023.

Source: Company Data

Waterfall Plots of Changes in Total Longest Diameter of Systemic Target Lesions Relative to Baseline



Note: Best efficacy determined as of March 2023.

Source: Company Data

Based on these encouraging efficacy data as well as the favorable safety profile, in April 2023, the NMPA agreed for us to conduct a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations for obtaining conditional marketing approval.

TY-9591 monotherapy for 1L EGFR mutants

According to information available to the public, the median PFS of osimertinib reached 18.9 months, according to its Phase III FLAURA study. For NSCLC patients with EGFR mutation of exon 19 deletion, the PFS can be as long as 21.4 months, and for NSCLC patients with EGFR exon 21 L858R mutation, the PFS is 14.4 months.

As of cut-off date May 18, 2023, among the 78 evaluable patients with EGFR mutations enrolled in the Phase Ib study, the result showed that when received TY-9591 as the first-line treatment, the median PFS reached 21.5 months, including 25.7 months for exon 19 deletion patients and 19.3 months for exon 21 L858R mutation patients. The investigator-confirmed ORR was 85.9%, including 85.7% for exon 19 deletion patients and 86.1% for L858R mutation patients. Accordingly, TY-9591 was more effective in patients with exon 19 deletion and L858R mutation compared to osimertinib, and the efficacy against L858R mutation patients was significantly improved based on non-head-to-head comparisons.

In addition, according to the preliminary efficacy data from the Phase Ib study, TY-9591 also demonstrated improved efficacy based on non-head-to-head comparisons. The median PFS of TY-9591 was 21.5 months, which appeared to be better than other third-generation EGFR-TKIs, including almonertinib and furmonertinib. Although no head-to-head data are available at this stage, we believe the following comparisons with osimertinib, almonertinib and furmonertinib shed light on the differentiated features and advantages of TY-9591 from an efficacy perspective:

Efficacy Data of Third-Generation EGFR TKIs for First-Line Treatment of NSCLC with EGFR Mutations Based on a Non-Head-to-Head Comparison

		Osimertinib[1]-[3]			
	TY-9591 (Phase Ib)	**Global Cohort (FLAURA)**	**China Cohort (FLAURA)**	**Almonertinib[4] (AENEAS)**	**Furmonertinib[5] (FURLONG)**
Sample size (N)	78	279	71	214	178
Del19	53.8%	62.7%	50.7%	65.4%	51%
L858R	46.2%	37.3%	49.3%	34.6%	49%
mPFS (months)	21.5	18.9	17.8	19.3	20.8
Del19	25.7	21.4	/	20.8	(vs control group) HR = 0.346*
L858R	19.3	14.4	/	13.4	(vs control group) HR = 0.537*

Notes:

(1) First- and second-generation EGFR-TKIs were selected to list representative data for erlotinib and afatinib respectively;

(2) Symbol "/" refers to "not available";

(3) Symbol "*" refers to "no PFS data according to historical data"; and

(4) The AENEAS clinical trial of almonertinib was conducted in Asian patients. FURLONG clinical trial of furmonertinib was conducted in Chinese patients.

Source:

[1] Osimertinib Mesylate Tablets (JXHS2000150)_Marketed Drug Announcement Report;

[2] Tagrisso-H-C-4124-II-0019: EPAR-Assessment Report-Variation;

[3] Literature Review;

[4] Almonertinib Mesylate Tablets (CXHS2101017)_Application for Marketing Technical Review Report; and

[5] Furmonertinib Mesylate Tablets (CXHS2101055)_Application for Marketing Technical Review Report.

Based on the encouraging efficacy data collected from the Phase I clinical trial, in March 2022, the NMPA approved our progression to conduct a registrational Phase III trial of TY-9591. For details, see "— Material Communications With Competent Authorities."

We did not compare safety data of TY-9591 and osimertinib from their respective Phase II clinical trials because the study populations are different, rendering the data incomparable. Specifically, our Phase II clinical trial of TY-9591 evaluated TY-9591 monotherapy as a first-line treatment for Chinese NSCLC patients with EGFR mutations with brain metastasis, while all the Phase II clinical trials of osimertinib are for combination therapies as second-line treatment for NSCLC patients of various ethnic groups with EGFR mutations with or without brain metastasis. Instead we have selected Phase Ib clinical trial of TY-9591 and the Chinese cohort of the Phase III FLAURA trial of osimertinib for comparison, as both the study drugs, i.e. TY-9591 and osimertinib, were evaluated as a monotherapy as first-line treatment and patients enrolled were comparable, i.e. Chinese NSCLC patients with EGFR mutations with or without brain metastasis.

Strategic indication selection

To fully explore the potential of TY-9591, we have adopted a comprehensive strategy for its clinical development, encompassing exploring different regimen of monotherapy and combination therapy to address both current unmet medical needs and also compete with available treatments aiming to improve the outcome of NSCLC patients.

Monotherapy

We will continue exploring TY-9591 monotherapy as a first-line treatment for brain metastases from NSCLC. Currently, there is no drug approved and marketed for NSCLC brain metastases indication in the world, and there exists a significant unmet medical need. According to Frost & Sullivan, the annual incidence of lung cancer in China is 1,015.5 thousand in 2023, and the incidence of brain metastases in patients with advanced NSCLC can be nearly 25% at diagnosis, approximately 30% to 55% of NSCLC patients develop brain metastases during treatment, the incidence of brain metastases in NSCLC patients with EGFR mutation is higher than those without EGFR mutation. Also, the clinical treatment of brain metastases can be difficult, not only because the brain is an important delicate organ surrounded by the skull, but also because the brain is protected by the blood-brain barrier and thus drugs can be difficult to penetrate this natural filter to enter the brain. It has been reported that the blood-brain barrier penetration of 160 mg osimertinib is eight times higher than that at 80 mg, and it is expected that as a deuterated compound of osimertinib with an expanded therapeutic window, the brain exposure of TY-9591 is expected at an increased level at the dosage of 160 mg. Consistent with this expectation, our clinical data revealed that TY-9591 exhibited a strong ability to penetrate the blood-brain barrier, showcasing promising efficacy, with an intracranial ORR up to 100%.

EGFR exon 19 deletion and exon 21 L858R are the two most common mutations in EGFR and are sensitive to treatment with EGFR-TKIs, accounting for approximately 85% of observed EGFR mutations in NSCLC, according to Frost & Sullivan. However, in retrospective studies and subgroup analyses, it is found that they may have different sensitivity to EGFR-TKIs. Notably, patients with L858R mutation can be less sensitive to EGFR-TKI treatment than patients with exon 19 deletion, underscoring unmet medical needs for effective treatment. For example, it has been demonstrated that an increased dose of icotinib (250 mg, TID) in exon 21 L858R patients achieved similar efficacy to that of patients with exon 19 deletion at the conventional dose (125 mg, TID), with a median PFS of 12.9 months and 12.5 months, respectively, which was significantly longer than the mPFS in the exon 21 L858R group that received the conventional dose (9.2 months of median PFS). Osimertinib also showed a similar trend, with a median PFS of 21.4 months for exon 19 deletion and 14.4 months for exon 21 L858R mutation for NSCLC patients receiving 80 mg osimertinib. For details, see "– TY-9591 Demonstrates Potentially Improved Efficacy Compared to Osimertinib – TY-9591 Monotherapy for 1L EGFR Mutants."

160 mg TY-9591 monotherapy was shown to be effective in NSCLC patients with EGFR L858R mutation with an mPFS of 19.3 month, which is expected to improve clinical efficacy in L858R patients. Although not a head-to-head comparison, it showed an improved efficacy compared to 80mg osimertinib, which has a PFS of 14.4 months for EGFR exon 21 L858R mutation according to the Phase III FLAURA study.

Combination therapy

The clinical efficacy of TY-9591 in NSCLC with EGFR L858R mutation and exon 19 deletion can be further enhanced by combining with chemotherapy.

In the treatment-naïve setting of advanced NSCLC with EGFR mutations, osimertinib, when combined with platinum-pemetrexed, demonstrated encouraging efficacy with an ORR of 90.9% and a median PFS of 31.0 months in the Phase II OPAL study conducted in Japan. The interim findings from the Phase III FLAURA2 study revealed a statistically significant and clinically meaningful improvement in PFS for first-line treatment of advanced NSCLC with EGFR mutations with osimertinib in combination with platinum-pemetrexed, compared to osimertinib monotherapy. The combination therapy group exhibited a prolonged median PFS of 25.5 months, surpassing the monotherapy group by 8.8 months (25.5 months vs. 16.7 months), as evaluated by the principal investigator.

Given that TY-9591 was modified by H/D exchange of osimertinib and the Phase III FLAURA2 clinical trial demonstrated a synergistic antitumor effect with osimertinib in combination with chemotherapy, we anticipate that TY-9591 combined with chemotherapy will similarly enhance antitumor efficacy compared to its monotherapy. Considering the potential safety and efficacy advantages of TY-9591 over osimertinib in monotherapy, we believe its combination therapy has the potential to further improve efficacy and benefit NSCLC patients with EGFR L858R mutation and exon 19 deletion.

Summary of Clinical Trials

Pivotal Phase II clinical trial of TY-9591 monotherapy in brain metastases from NSCLC with EGFR mutations by us

Trial Design. This is an open-label, randomized, active-controlled pivotal Phase II clinical study of TY-9591 tablets compared to osimertinib as monotherapy for the treatment of brain metastases in NSCLC with EGFR mutations. This clinical trial is being conducted in China. Approximately 420 patients are expected to be enrolled in this clinical trial. Patients will be randomized into two groups, receiving either 160 mg TY-9591 or 80 mg osimertinib QD. The enrolled NSCLC patients are those with EGFR mutations (including one or more of exon 19 deletion or exon 21 L858R mutation or other types of EGFR mutations).

The primary objective is to evaluate the intracranial efficacy of TY-9591 in comparison with osimertinib as first-line treatment of brain metastases in NSCLC with EGFR mutations. Secondary objectives include (1) evaluating other intracranial efficacy and systemic efficacy of TY-9591 in comparison with osimertinib as first-line treatment of brain metastases in NSCLC with EGFR mutations, as well as the improvement of neurological function and the impact on the patients' health-related quality of life; and (2) evaluating the safety, tolerability and PK of TY-9591 in the treatment of patients with brain metastases from EGFR mutation-positive NSCLC.

Trial Status. We enrolled the first patient in August 2023. As of cut-off date July 26, 2024, we have enrolled 156 patients. Patient enrollment was not completed as of the Latest Practicable Date. As of the Latest Practicable Date, no patient discontinued the treatment in this clinical trial. After obtaining intracranial ORR data from 220 patients that is statistically significant, we plan to apply for conditional marketing approval of TY-9591 for brain metastases from NSCLC with EGFR mutations. We plan to complete enrollment of 220 patients in the second half of 2024, and complete enrollment of all patients in this study in the first half of 2025. Subsequently, when we obtain the intracranial PFS data of all patients, we will submit the application for full approval.

Specifically, when the intracranial ORR can be evaluated in 220 subjects and achieves statistical significance, demonstrating that TY-9591 achieves improved efficacy compared to osimertinib, we will apply for conditional approval for TY-9591. After the NMPA grants conditional approval and issues a drug registration certificate, we are required to complete the trial with a total of approximately 420 enrolled patients and submit the clinical study report to the NMPA for full marketing authorization, contingent upon the intracranial PFS in the TY-9591 group being superior to that in the osimertinib group.

Phase III clinical trial of TY-9591 monotherapy in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation by us

Trial Design. This trial is a randomized, double-blind, active-controlled, multicenter Phase III clinical study evaluating the efficacy and safety of TY-9591 tablets compared to osimertinib as monotherapy for the first-line treatment of patients with locally advanced or metastatic NSCLC with EGFR mutations. This trial is conducted in China. Approximately 672 patients are expected to be enrolled in this clinical trial, including approximately 606 L858R patients. Patients will be randomized into two groups and receive either 160 mg TY-9591 or 80 mg osimertinib QD.

This trial does not exclude patients with brain metastases or central nervous system metastases, if these patients have stable brain metastases and do not require immediate or planned local treatment of brain metastases during the study. When recruiting patients with brain metastases, magnetic resonance imaging or CT scan is needed to assess intracranial tumor lesions.

The primary objective of this study is to evaluate the efficacy of TY-9591 in comparison with osimertinib for the first-line treatment of patients with locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation. The secondary objectives include the safety, especially the effect on the health-related quality of life, of TY-9591 in comparison of osimertinib for the first-line treatment of patients with locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation, and the PK profile of TY-9591 and its metabolites.

Trial Status. We have enrolled the first patient in June 2022. As of cut-off date July 26, 2024, we have enrolled 505 patients, including 438 patients with EGFR L858R mutation. Patient enrollment was not completed as of the Latest Practicable Date. As of the Latest Practicable Date, no patient discontinued the treatment in this clinical trial.

Phase II clinical trial of TY-9591 in combination with chemotherapy in NSCLC with EGFR mutations by us

Trial Design. This is a randomized, open-label, active-controlled, multicenter, Phase II clinical trial of TY-9591 in combination with pemetrexed and cisplatin or carboplatin in advanced or metastatic NSCLC patients with EGFR mutation. This trial will be conducted in China with approximately 200 patients to be enrolled. The combination therapy will be compared with osimertinib with the primary objective of investigating the efficacy. The secondary objectives include safety, QoL and PK.

This trial will not exclude patients with brain metastases or central nervous system metastases, if these patients have stable brain metastases and do not require immediate or planned local treatment of brain metastases during the study. When recruiting patients with brain metastases, magnetic resonance imaging or CT scan will be needed to assess intracranial tumor lesions.

Trial Status. We received the IND approval in March 2024 and expect to commence this trial in the second half of 2024.

Phase II clinical trial of TY-9591 monotherapy in brain metastases from lung cancer with EGFR mutations by us

Trial Design. This is an open-label, single-arm, multicenter Phase II clinical study of TY-9591 tablets as monotherapy for the treatment of brain metastases from NSCLC with EGFR mutations. This clinical trial is being conducted in China. Patients enrolled in this study were EGFR-TKIs treatment naïve or progressed after failure of first-line standard treatment with EGFR T790M mutation. Patients received 160mg TY-9591 QD. The enrolled NSCLC patients are those with EGFR mutations (including one or more of exon 19 deletion or exon 21 L858R mutation or other types of EGFR mutations).

The primary objective is to evaluate the efficacy of TY-9591 in brain metastases from NSCLC with EGFR mutations, including intracranial ORR and extracranial objective response rate. Secondary objectives include (1) evaluating other intracranial efficacies and systemic efficacy of TY-9591 in brain metastases from NSCLC with EGFR mutations, and (2) evaluating the safety and tolerability of TY-9591 in the treatment of patients with brain metastases from EGFR mutation-positive NSCLC.

Trial Status. We enrolled the first patient in April 2022. We planned to enroll approximately 30-40 patients with brain metastasis and a total of 29 patients were actually enrolled as the study objectives have been met. We completed patient enrollment in February 2023. The ratio between targeted therapy treatment-naïve patients and patients who experienced disease progression after targeted therapy treatment was 27:2. No patient discontinued the treatment in this clinical trial.

Safety Profile. As of December 21, 2022, a total of 24 NSCLC patients received at least one single dose of 160mg TY-9591 once-daily. The most frequent ADRs (incidence ≥5%) included decreased white blood cell count (41.7%), decreased neutrophil count (37.5%), decreased platelet count (33.3%), increased blood creatine phosphokinase (29.2%), decreased lymphocyte count (20.8%), diarrhoea (12.5%), increased aspartate aminotransferase (12.5%), and rash (8.3%). The incidence of Grade 3 and above ADRs was less than 5%.

The overall incidence of SAEs was 8.3% and treatment-related SAEs was 8.3%. The study drug-related SAEs were primarily nasal inflammation (1/24) and cerebral infarction (1/24). The nasal inflammation resolved without requiring a dosage adjustment, while the cerebral infarction showed improvement after temporarily discontinuing the drug. Notably, there were no deaths related to the study drug observed in this study.

Efficacy Profile. Preliminary efficacy data as of December 30, 2022 showed that among the 22 NSCLC patients, all patients reached intracranial PR with an intracranial ORR 100%. 20 patients reached systemic PR and two patients reached SD, with an ORR 90.9% and a DCR 100%.

Conclusion. TY-9591 has demonstrated a favorable profile in terms of both safety and efficacy in brain metastases from lung cancer with EGFR mutations, which supported further clinical studies.

Phase I clinical trial of TY-9591 monotherapy in advanced NSCLC by us

Trial Design. This was a first-in-human, single-arm, open-label, dose-escalation and dose-expansion Phase I study of TY-9591 in patients with advanced NSCLC. This study was conducted in China. It comprised two phases: Phase Ia, the dose-escalation phase, and Phase Ib, the dose-expansion phase. In Phase Ia, we investigated TY-9591 in six dose groups: 20 mg, 40 mg, 80 mg, 120 mg, 160 mg and 200 mg, and in Phase Ib, we investigated the drug in three dose groups: 80 mg, 120 mg and 160 mg. In each group, patients received TY-9591 tablets orally QD at the recommended dose. Patients enrolled in this study had EGFR mutations, and they were EGFR-TKIs treatment naïve or progressed after failure of first-line standard treatment with T790M mutation.

This trial did not exclude patients with brain metastases or central nervous system metastases, if these patients have stable brain metastases and do not require immediate or planned local treatment of brain metastases during the study. When recruiting patients with brain metastases, magnetic resonance imaging or CT scan was needed to assess intracranial tumor lesions.

The primary objectives of the study were to explore the safety, tolerability, MTD, DLT and RP2D profile of TY-9591 in the treatment of advanced NSCLC patients with EGFR mutations. The secondary objective was to preliminarily evaluate PK and the antitumor efficacy of TY-9591 in the treatment of advanced NSCLC patients with EGFR mutations.

Trial Status. This trial was initiated in May 2020, and was completed in May 2023. We planned to enroll approximately 36-126 patients and a total of 105 patients were actually enrolled. The trial took approximately three years to complete, primarily due to two reasons: (1) the extended median PFS, and (2) the enrollment of 105 patients across two study phases, namely dose escalation and dose expansion studies. Among the recruited patients, 19 patients were enrolled in the Phase Ia study, all of whom received TY-9591 as second-line treatment, and 86 patients were enrolled in the Phase Ib study, except for two patients, all of whom were treatment naïve. In Phase Ia, two patients discontinued treatment. Only one patient (1/19) discontinued due to a SAE of dizziness. One patient voluntarily discontinued the Phase Ia study. In Phase Ib, nine patients discontinued treatment. Only four patients (4/89) discontinued due to toxicity that lead to anemia, sinus tachycardia, decreased white blood cells, neutrophils, and platelets, and anorexia. Four patients voluntarily discontinued the Phase Ib study. One patient was removed from the study due to poor compliance. All five patients who discontinued due to AEs recovered from the AEs after stopping the treatment.

Safety Profile. As of May 18, 2023, a total of 105 patients received at least one single dose of 20mg to 200mg TY-9591 QD. No DLT was observed during the observation period (starting from receiving the first treatment until the end of one cycle with continuous dosing), and severity of AEs were acceptable.

Common ADRs (incidence ≥10%) included decreased white blood cell count (54.3%), decreased neutrophil count (46.7%), increased blood creatine phosphokinase (39.0%), anaemia (39.0%), decreased platelet count (37.1%), increased aspartate aminotransferase (34.3%), increased alanine aminotransferase (32.4%), diarrhoea (30.5%), decreased weight (22.9%), hypertriglyceridaemia (21.0%), decreased lymphocyte count (19.0%), increased blood creatinine (18.1%), rash (17.1%), electrocardiogram QT prolonged (15.2%), blood creatine phosphokinase MB increased (14.3%), stomatitis (12.4%) and hyperuricaemia (11.4%). The incidence of Grade 3 and above ADRs was less than 10%. 19 patients (18.1%) experienced dose interruption, 10 patients (9.5%) experienced dose reductions, and four patients (4.7%) experienced permanent discontinuation of treatment due to TY-9591 treatment-related adverse events.

The overall incidence of SAEs was 19.0%, with 7.6% of these events being treatment-related. Most patients experienced SAEs due to their poor overall condition at enrollment. Additionally, most treatment-related SAEs led to symptom disappearance after either reducing the dosage or temporarily discontinuing the drug. Only one patient withdrew from the trial due to a decrease in white blood cell count, neutrophil count, and platelet count. There was one unexplained death reported, where the investigator could not determine the causality of the drug; however, when analyzing data according to the NMPA's standard, it was treated as drug-related. To be specific, there was no definitive conclusion that the death was caused by TY-9591. Instead, the patient died for unknown reasons, and the causality between the death and TY-9591 was indeterminate. According to relevant regulations in China for determining the causality between AEs and the study drug, any AE assessed as "indeterminate," "definitely related," "probably related," or "possibly related" to the study drug is defined as a drug-related AE. Therefore, the unexplained death is considered related to the drug TY-9591 by the NMPA. Notably, there were no other deaths attributed to the study drug.

Treatment-Related Serious Adverse Effects

SOC/PT	20mg (N=1)	40mg (N=3)	80mg (N=38)	120mg (N=39)	160mg (N=21)	200mg (N=3)	Total (N=105)
	n (%)	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*
Total	0	0	2 (5.3)	4 (10.3)	1 (4.8)	1 (33.3)	8 (7.6)
Gastrointestinal disorders	0	0	2 (5.3)	0	0	1 (33.3)	3 (2.9)
erosive duodenitis	0	0	0	0	0	1 (33.3)	1 (1.0)
gastritis erosive	0	0	0	0	0	1 (33.3)	1 (1.0)
enteritis	0	0	1 (2.6)	0	0	0	1 (1.0)

SOC/PT	20mg (N=1)	40mg (N=3)	80mg (N=38)	120mg (N=39)	160mg (N=21)	200mg (N=3)	Total (N=105)
	n (%)	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*
gastric mucosal lesion	0	0	0	0	0	1 (33.3)	1 (1.0)
abdominal pain	0	0	1 (2.6)	0	0	0	1 (1.0)
Metabolism and nutrition disorders	0	0	1 (2.6)	1 (2.6)	0	0	2 (1.9)
hypokalemia	0	0	0	1 (2.6)	0	0	1 (1.0)
dehydration	0	0	1 (2.6)	0	0	0	1 (1.0)
Investigations	0	0	0	2 (5.1)	0	0	2 (1.9)
gamma-glutamyltransferase increase	0	0	0	1 (2.6)	0	0	1 (1.0)
neutrophil count decrease	0	0	0	1 (2.6)	0	0	1 (1.0)
aspartate aminotransferase increase	0	0	0	1 (2.6)	0	0	1 (1.0)
white blood cell count decrease	0	0	0	1 (2.6)	0	0	1 (1.0)
platelet count decrease	0	0	0	1 (2.6)	0	0	1 (1.0)
General disorders and administration site conditions	0	0	0	1 (2.6)	0	0	1 (1.0)
death	0	0	0	1 (2.6)	0	0	1 (1.0)
Vascular disorders	0	0	0	0	1 (4.8)	0	1 (1.0)
venous thrombosis limb	0	0	0	0	1 (4.8)	0	1 (1.0)

Note: Data cut-off : May 18, 2023

Source: Company Data

According to the results of the Phase I trial, 15.2% of patients who received TY-9591 experienced QTc interval prolongation. Other than that, TY-9591 has not yet observed to cause AEs such as interstitial lung disease/pneumonitis, cardiomyopathy, keratitis, erythema multiforme major, Stevens Johnson Syndrome and toxic epidermal necrolysis, cutaneous vasculitis, aplastic anemia, or embryo-fetal toxicity as warned in the label of osimertinib.

PK Study. In the Phase Ia study, we observed that after a single oral administration, the absorption and elimination of TY-9591 were slow, the peak time of blood concentration of the prodrug was four to six hours, and the half-life was more than 50 hours. The C_{max} and AUC of TY-9591 demonstrated a direct correlation with the escalating dose. Calculated from the AUC, the exposure of TY-9591-D1 (i.e. AZ5104) under steady state conditions was approximately 5.11%-6.78% of TY-9591. Compared with osimertinib metabolite (AZ5104) recorded in the literature, the TY-9591-D1 exposure level was reduced by approximately 50%, potentially providing a more favorable safety profile. Moreover, the PK portfolio in the Phase Ib dose expansion study is similar to the PK portfolio observed in the Phase Ia study.

Main PK Parameters After Single and Multiple Administrations During Phase Ia Study

		Single Dose (TY-9591)				Multiple Doses (Steady-state, TY-9591)			Multiple Doses (Steady-state, TY-9591-D1)		
Dose	N	T_{max} h	C_{max} ng/mL	$AUC_{0-\infty}$ h*ng/mL	$t_{1/2}$ h	$C_{ss,max}$ ng/mL	$C_{ss,min}$ ng/mL	AUC_{0-24h} h*ng/mL	$C_{ss,max}$ ng/mL	AUC_{0-24h} h*ng/mL	$R_{AUC0-24h}$ %
20mg	1	6.03	63.69	2437	95.97	93.50	63.99	1836	5.337	115.8	6.31
40mg	3	5.98	48.03	3266	50.60	141.2	99.92	2760	8.003	167.4	6.06
80mg	3	9.97	54.93	5509	74.75	279.9	185.4	5728	13.47	295.5	5.16
120mg	3	3.98	146.9	9193	68.80	403.6	280.5	7849	19.53	401.3	5.11
160mg	6	4.98	131.5	9314	58.96	542.0	383.4	10834	35.42	734.4	6.78
200mg	3	3.97	179.6	12677	58.74	446.1	335.6	9845	24.10	514.0	5.22

Abbreviations:

GeoMean = geometric mean; T_{max} = the time it takes for a drug to reach the maximum concentration (C_{max}) after administration of a drug that needs to be absorbed; C_{max} = the maximum (or peak) serum concentration that a drug achieves in a specified compartment or test area of the body after the drug has been administered and before the administration of a second dose; $t_{1/2}$ = half-life; $C_{ss,max}$ = the maximum concentration at steady-state; $C_{ss,min}$ = the minimum concentration at steady-state; $AUC_{0-\infty}$ = area under the curve from time 0 extrapolated to infinite time; AUC_{0-24h} = area under the plasma concentration-time curve over the last 24-hour dosing interval; $R_{AUC0-24h}$ = AUC_{0-24h} of TY-9591-D1 divided by AUC_{0-24h} of TY-9591.

Source: Company Data

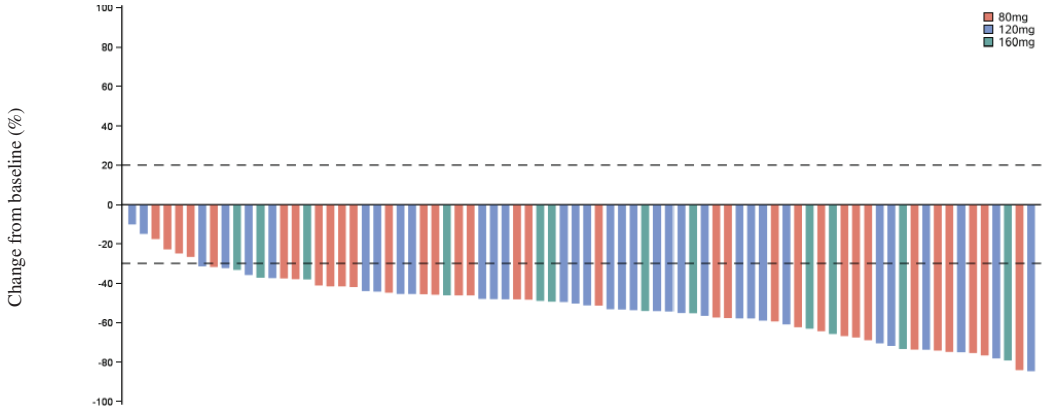
Efficacy Profile. As of May 18, 2023, efficacy results of 78 evaluable patients with EGFR mutations enrolled in the Phase Ib study showed that when they received TY-9591 as the first-line treatment, the median PFS reached 21.5 months, including 25.7 months for exon 19 deletion patients and 19.3 months for L858R mutation patients. The investigator-confirmed ORR was 85.9%, including 85.7% for exon 19 deletion patients and 86.1% for L858R mutation patients.

	Exon 19 Deletion (N=42)	**Exon 21 L858R (N=36)**	**Total (N=78)**
	n (%)	*n (%)*	*n (%)*
Best Overall Response			
CR	0	0	0
PR	36 (85.7)	31 (86.1)	67 (85.9)
SD	3 (7.1)	4 (11.1)	7 (9.0)
PD	3 (7.1)	1 (2.8)	4 (5.1)
ORR	36 (85.7)	31 (86.1)	67 (85.9)
DCR	39 (92.9)	35 (97.2)	74 (94.9)
mPFS (95% CI)	25.7 (17.5, –)	19.3 (13.1, 23.5)	21.5 (17.3, 27.3)
PFS rate, %			
Three months (95%CI)	95.2 (82.3, 98.8)	97.2 (81.9, 99.6)	96.2 (88.5, 98.7)
Six months (95%CI)	95.2 (82.3, 98.8)	94.4 (79.3, 98.6)	94.8 (86.8, 98.0)
Nine months (95%CI)	92.7 (79.1, 97.6)	80.0 (62.5, 89.9)	86.8 (76.8, 92.7)
Twelve months (95%CI)	87.7 (73.0, 94.7)	71.1 (52.9, 83.3)	80.0 (69.0, 87.4)

Source: Company Data

All 78 evaluable patients demonstrated a reduction in tumor lesion size following TY-9591 treatment, with a mean reduction of 51.7% and a median reduction of 50.5%. Specifically, 72 patients exhibited tumor reduction of over 30%, while the remaining six patients experienced varying degrees of reduction in tumor lesions, with no instances of lesion enlargement. Notably, all patients in the 160 mg dose group displayed a tumor reduction of more than 30%, with a mean reduction of 53.3% and a median reduction of 51.4%.

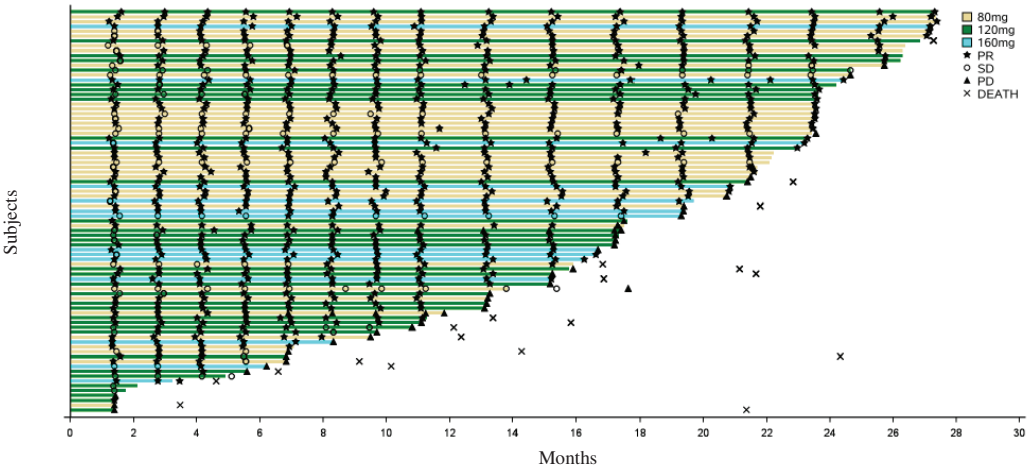
Waterfall Plot of Change in Tumor Size



Source: Company Data

Among the 78 evaluable patients, the majority achieved a PR during the initial tumor evaluation, and this positive response was sustained in the vast majority during follow-ups within 23.6 months. The median DoR was 20.2 months, with the longest observed benefit extending to 28 months.

Swimming Plot of Therapeutic Effects



Source: Company Data

We did not observe strong dose-dependent efficacy in the 80 mg, 120 mg and 160 mg in our dose escalation trial. Apart from the small patient population in each cohort, another major reason that causes the difference is the baseline characteristic. We intentionally enrolled patients with more severe disease progression in the 160 mg group compared to the 80 mg and 120 mg groups.

Specifically, in the three cohorts, the proportion of patients with brain metastases at baseline was 21.2%, 58.8%, and 83.3%, respectively, and the median baseline tumor size was 44.2 mm, 64.5 mm, and 93.1 mm, respectively. This indicates that patients in the 160 mg dose group had a greater overall tumor burden and more advanced and severe disease progression. In the osimertinib FLAURA and FLAURA China cohort, the proportion of patients with brain metastases was 19% (53/279) and 24% (17/71), respectively, and the median baseline tumor burden was not disclosed and 52 mm, respectively.

Considering that patients in the 160 mg TY-9591 group had the most severe disease progression compared to other TY-9591 dosage groups and patients in the osimertinib FLAURA and FLAURA China cohort, the efficacy data among patients receiving different doses of TY-9591 and osimertinib is not comparable. Nevertheless, in the EGFR L858R mutation subgroup, the median PFS for the 160 mg group was 19.3 months, which matches the median PFS for L858R mutation subjects across all dosage groups and is better than the 14.4 months observed in the FLAURA trial, despite the poorer baseline data.

Exploratory Study Results. In the Phase I clinical study, we also conducted exploratory research on the resistance mechanism of TY-9591. The protocol was designed to collect peripheral blood samples at baseline (prior to administration on Day 1 of Cycle 1) and at disease progression for resistance biomarker detection. Preliminary bioinformatics analysis results indicated that the resistance mechanisms of TY-9591 include acquired resistance through the EGFR pathway and bypass activation. Mutated gene pathways primarily focused on the RTK/RAS pathway and the AKT downstream pathway related to the P53 signaling pathway.

Conclusion. TY-9591 has demonstrated a favorable profile in terms of both safety and preliminary efficacy in NSCLC patients with EGFR mutations, which supported further clinical studies.

Phase I clinical trial of TY-9591 monotherapy in healthy adult subjects by us

Trial Design. This is a randomized, open-label Phase I study in healthy adult subjects to compare the PK of TY-9591 and osimertinib, and to determine the effect of food on the PK of TY-9591 after a high-fat, high-calorie meal. The trial was conducted in China. Sixteen healthy subjects were enrolled as planned and randomly assigned to one of two treatment cohorts (eight subjects per cohort). No subject discontinued the treatment in this clinical trial. Stage 1 was a 2-period crossover study. Subjects in each cohort received a single 80 mg oral dose of TY-9591 or osimertinib in a fasted state in each treatment period with a 21-day washout period between period 1 and period 2. Upon completion of stage 1, subjects would enter stage 2 and receive a single 80 mg oral dose of TY-9591 30 min after a high-fat, high-calorie meal. Blood samples were collected in each treatment period for the determination of TY-9591 or osimertinib and its metabolites, D1 (AZ5104) and D2 (AZ7550 for osimertinib).

Trial Status. This trial was completed in September 2021.

Safety Profile. Of the 16 healthy subjects in the study, a total of ten adverse events occurred during the trial period, all of which were Grade 1 or 2 in severity. Four of these events were likely related to the study drug, all of which were upper extremity muscle pains of Grade 1 or 2 in severity. Among these four AEs, three were resolved after receiving symptomatic treatment, and one recovered by itself. No SAEs occurred during the trial, and no subjects withdrew from the trial due to AEs.

After TY-9591 and osimertinib were administered orally on an empty stomach (i.e. fasted), the absorption and elimination were slow, and the median T_{max} of the drugs were both approximately six hours, with t1/2 approximately 50 hours. Compared with osimertinib, the exposure levels (C_{max}, AUC) of metabolite TY-9591-D1 were reduced by about 50% after TY-9591 administration, potentially providing a more favorable safety profile. TY-9591 administration after fasting and high-fat meal showed comparable PK parameters and a similar PK profile.

		TY-9591/Osimertinib						TY-9591-D1/AZ5104			
Group	Parameters	T_{max} h	C_{max} ng/mL	AUC_{0-72h} h*ng/mL	AUC_{0-t} h*ng/mL	$AUC_{0-\infty}$ h*ng/mL	$t_{1/2}$ h	T_{max} h	C_{max} ng/mL	AUC_{0-72h} h*ng/mL	$t_{1/2}$ h
TY-9591 Fasted	GeoMean	–	67.57	2469	3848	3944	49.61	–	1.907	113.8	53.92
	Median	5.99	67.83	2334	3884	3927	51.25	47.92	1.764	98.77	53.65
Osimertinib Fasted	GeoMean	–	63.80	2360	3595	3692	47.30	–	4.027	225.7	52.60
	Median	6.00	61.21	2318	3547	3630	48.30	7.96	3.941	239.9	52.25
TY-9591 After high-fat meal	GeoMean	–	68.06	2594	4042	4117	49.00	–	1.706	102.8	53.53
	Median	5.95	69.02	2672	4305	4349	48.60	35.97	1.727	102.9	53.00

Source: Company Data

Conclusion. TY-9591 was well tolerated in healthy subjects. PK profile was not affected by eating status, and both fasting and postprandial dosing were possible in the future clinical study.

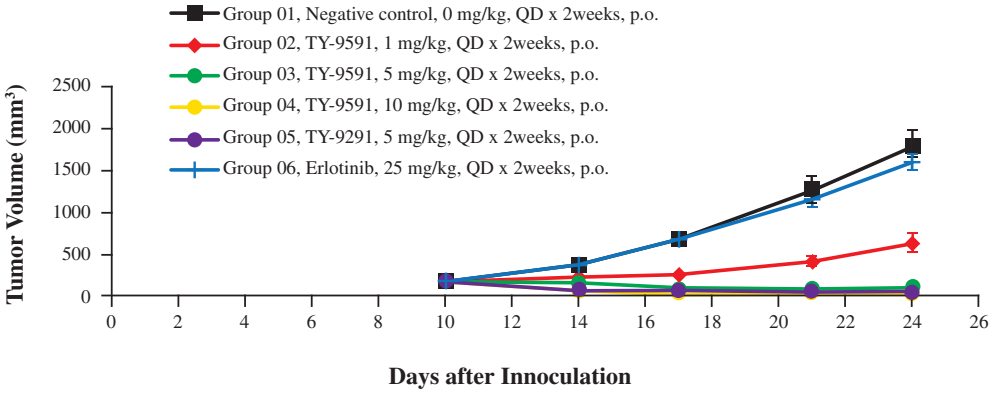
Summary of Preclinical Data

According to the PK/PD results in animals, TY-9591 was rapidly absorbed after a single dose, and the maximum blood concentration was reached within 0.5 hours. The half-life of TY-9591 in plasma was 3.2 hours. The highest concentration of TY-9591 was found in tumor and brain tissues 3 hours after administration. After treatment with TY-9591, the phosphorylated EGFR, phosphorylated AKT and phosphorylated ERK proteins in the tumor tissues were changed according to IHC staining and ELISA tests, indicating that TY-9591 acted on the EGF signaling pathway and affected the proliferation process of tumors by regulating the phosphorylation of the main signaling proteins of this pathway.

In terms of safety, the *in vivo* study showed that TY-9591 was not genotoxic and had no effect on the respiratory system and central nervous system of rats, and cardiovascular system of dogs. AEs in rats and beagles can be partially or fully recovered after discontinuation of the drug after 28 days of continuous administration.

In addition, we investigated the safety and efficacy of TY-9591 in the lung cancer xenograft (NCI-H1975) Balb/c nude mouse model. The mice were administered with either the study drug (1 mg/kg, 5 mg/kg or 10 mg/kg TY-9591), the positive control (5 mg/kg AZD9291 (osimertinib) or 25 mg/kg Erlotinib), or the negative control, once daily for two weeks. Each group consisted of eight mice. The results showed that TY-9591 (1 mg/kg, 5 mg/kg and 10 mg/kg) demonstrated significant tumor suppression effects, with relative tumor growth inhibition ("**TGI**") rates of 52.17%, 96.81% and 98.86%, respectively. The AZD9291 treatment group also showed a significant tumor suppression effect, with a TGI rate of 97.38%. The results of the tumor weight analysis were in general agreement with the results of the relative tumor volume analysis. In addition, in all treatment groups, there were no animal deaths, no occurrence of the discontinuation of the treatment, and no significant drug toxicity, indicating that TY-9591 was well tolerated in this study. Repeated experiments yielded similar results.

Tumor Growth in Human Lung Cancer NCI-H1975 Mouse Model



Source: Company Data

Clinical Development Plan

According to Frost & Sullivan, only drug candidates that target indications without approved drugs, have demonstrated a favorable safety and efficacy profile, and have the potential to address unmet clinical needs can be approved for marketing by conducting a pivotal Phase II trial, which is much faster than conducting a Phase III registrational trial. Currently, there are no approved drugs for the treatment of brain metastases from NSCLC. Therefore, TY-9591 could be approved for marketing more quickly through a pivotal Phase II trial.

We commenced a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations in August 2023. We expect to complete patient enrollment for this clinical trial in the third quarter of 2024, and submit an application to the NMPA for conditional marketing approval in the first quarter of 2025. In addition, we commenced a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation in June 2022. We expect to complete patient enrollment for this clinical trial in the fourth quarter of 2024, and submit a NDA in the second half of 2026.

We also applied for and obtained the IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations in March 2024, and expect to commence a Phase II trial in the second half of 2024. We expect to complete patient enrollment in the first half of 2026.

Licenses, Rights and Obligations

The relevant intellectual property rights, including patent rights, of TY-9591 in China were acquired by us from the TY-9591 Transferors in 2017. For details, see "— Collaboration Arrangement — Patent Transfer Arrangement with Changzhou Runnuo and Guangzhou Boji in Relation to TY-9591." We have developed TY-9591 at our own costs since preclinical stage, and we maintain the exclusive rights to develop and commercialize this drug candidate in China.

To the best knowledge of our Company, as of the Latest Practicable Date, a joint venture company established by the TY-9591 Transferors owned overseas patent rights of TY-9591 but such joint venture company had not commenced a Phase I trial of TY-9591 in any foreign country or region.

Material Communications With Competent Authorities

The material communications with the relevant competent authorities on all ongoing and completed clinical trials in respect of the Core Product TY-9591 are as follows:

- In October 2019, we received the IND approval from the NMPA for conducting Phase I and Phase II clinical trials of TY-9591 in patients with advanced malignant tumors;

- In December 2021, we consulted with the CDE with respect to the commencement of a registrational Phase III clinical trial of TY-9591 for the treatment of NSCLC with EGFR exon 19 deletion and L858R mutation and the commencement of a pivotal Phase II clinical trial of TY-9591 for the treatment of brain metastases from NSCLC. In March 2022, we received regulatory clearance from the NMPA with respect to the commencement of a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with

EGFR L858R mutation and exon 19 deletion in China, which was a "no objection" from the NMPA for the commencement of this trial, in the view of our PRC Legal Adviser. In addition, the CDE agreed that if TY-9591 is intended for the indication of brain metastases in NSCLC patients with EGFR mutations, we can further communicate with CDE for detailed trial design of a pivotal Phase II trial upon obtaining efficacy data from no less than 30 cases;

- In March 2023, we consulted with the CDE for proceeding with a pivotal Phase II trial based on the efficacy data collected from 29 evaluable NSCLC treatment-naïve patients with brain metastases enrolled in our Phase Ib and Phase II clinical studies. In April 2023, we received regulatory clearance from the NMPA with respect to the commencement of a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations in China, which was a "no objection" from the NMPA for the commencement of this trial, in the view of our PRC Legal Adviser;

- In July 2023, we submitted an amended clinical research protocol for the registrational Phase III clinical trial to the CDE, with a focus solely on targeting NSCLC patients with EGFR L858R mutation. Following this submission, in October 2023, we received regulatory clearance from the NMPA, which was a "no objection" from the NMPA for the commencement of this trial, in the view of our PRC Legal Adviser. The decision to modify the protocol stemmed from the clinical data obtained from the Phase I trial, which concluded in May 2023. Specifically, these data revealed that comparing TY-9591 with osimertinib for the treatment of NSCLC with EGFR L858R mutation could potentially demonstrate superiority more readily. This is because, clinical data from our Phase Ib study showed that among NSCLC patients with EGFR L858R mutation, first-line TY-9591 treatment achieved a significantly prolonged median PFS comparing to osimertinib treatment in the Phase III FLAURA trial (19.3 months in 36 patients vs. 14.4 months in 104 patients) based on a non-head-to-head comparison. Furthermore, by targeting a more specific patient population, we anticipate quicker patient enrollment and data collection, potentially expediting the path to marketing approval and addressing urgent unmet medical needs for NSCLC patients with EGFR L858 mutation; and

- In March 2024, we received IND approval from the NMPA for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations.

We have not received any concerns or objections from the NMPA related to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-9591 SUCCESSFULLY.

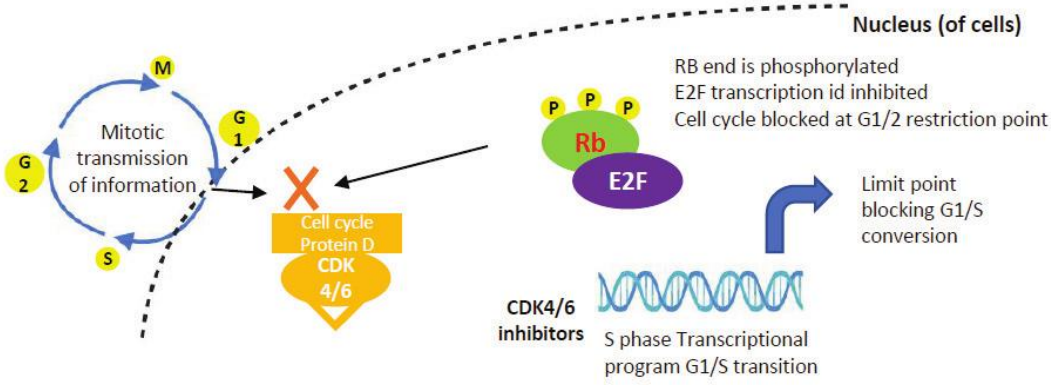
Key Product: TY-302 – CDK4/6 Inhibitor

TY-302 is a potent, selective oral CDK4/6 inhibitor developed for the treatment of advanced solid tumors, including breast cancer and prostate cancer. TY-302 acts as an inhibitor of CDK4/6, a key regulator of the cell cycle. It suppresses the phosphorylation of the Rb, preventing proliferation of cancer cells. TY-302 was modified by H/D exchange of palbociclib, the best-selling CDK4/6 inhibitor in the world. Based on data from our Phase I clinical trial, TY-302 has a better PK profile than palbociclib, and has demonstrated preliminary safety and antitumor efficacy.

We are currently conducting a Phase II clinical trial of TY-302 in breast cancer. We expect to initiate a registrational Phase III clinical trial of TY-302 in combination with toremifene citrate as third- or later-line treatment in breast cancer in the first quarter of 2025, and we anticipate to submit a NDA in the second half of 2028. In addition, we plan to commence a Phase II clinical trial of TY-302 in prostate cancer in the second half of 2024 and we expect to commence a registrational Phase III clinical trial of TY-302 in combination with abiraterone as first-line treatment in the second half of 2026.

Mechanism of Action

The cyclin-dependent kinase CDK4/6 is a key regulator of the cell cycle and, by forming a complex with cyclin D, phosphorylates Rb and then releases the transcription factor E2F, which facilitates the transcription of cell-cycle-related genes and allows cells to enter the S-phase. CDK4/6 inhibitors efficiently block the progression of tumor cells from the G1 phase to the S-phase.

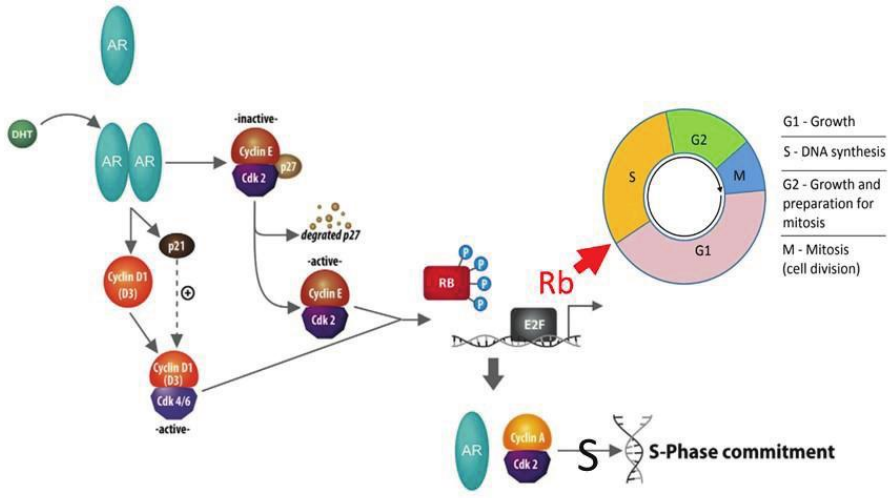


Source: Frost & Sullivan Analysis

Combination with Endocrine Therapy

The CDK-RB1-E2F pathway targeted by CDK4/6 inhibitors is essential for progression through the cell cycle and is disrupted in the majority of cancers. In breast cancer, the activation of estrogen receptors as well as other proliferation-inducing signals stimulate the complexation of CDK4/6 with cyclin D1. Binding of CDK4/6 to cyclin D1 induces phosphorylation of the Rb tumor suppressor protein, releasing its inhibitory effect and thereby providing the starting signal for cell division. Normally, CDK4 and CDK6 are inhibited by the protein p16. However, in cancer, this mechanism of cell cycle control is often disrupted. Furthermore, cyclin D1, the binding partner of CDK4/6, is often overexpressed in patients with HR+/HER2− breast cancer, leading to continuous activation of the cyclin D1-CDK4/6 complex. Inhibition of CDK4/6 induces complete dephosphorylation of Rb, resulting in sequestration of the transcription factor E2F and subsequent inhibition of cell cycle progression.

In prostate cancer, the androgen receptor serves as a pivotal driver in its progression and development. The androgen receptor is a ligand-dependent transcription factor, and in prostate cancer, ligand activation of androgen receptor initiates the cell cycle, and androgen receptor signaling interacts with the cell cycle and controls receptor-dependent cell proliferation. Alterations in the cyclin D-CDK4/6-Rb pathway axis cause cell cycle abnormalities leading to uncontrolled G1-S phase transition, one of the most frequent pathway variants in prostate cancer. Intervention in these molecular functions could be a molecular target for prostate cancer therapy. As in breast cancer, CDK4/6 inhibitors inhibit prostate tumor growth by inhibiting cyclin D1-CDK4/6 activity and promoting inactivation of Rb tumor suppressors, resulting in cells undergoing G1-phase blockade.



Source: Literature Review

As a CDK4/6 inhibitor, TY-302 can inhibit CDK4/6 activity and down-regulate the level of phosphorylated Rb, and effectively block the progression of tumor cells from the G0/G1 phase to the S phase in a dose-dependent manner, thereby blocking the cell cycle and leading to apoptosis of tumor cells.

Market Opportunity and Competition

Breast cancer is the most common cancer in women, and its incidence rises with age, increasing year by year as women age. The number of new breast cancer cases in China increased from 315.2 thousand in 2017 to 345.5 thousand in 2023, and is projected to reach 376.9 thousand in 2033. ER+/HER2− breast cancer is the most common breast cancer subtype, representing approximately 70% of patients.

Prostate cancer is an epithelial malignant tumor that occurs in the prostate. It is the most common malignant tumor of the male genitourinary system. The number of new cases of prostate cancer in China grew from 97.3 thousand in 2017 to 132.7 thousand in 2023. This number is expected to continue to grow and reach 189.1 thousand in 2033. mCRPC is a type of prostate cancer that has spread to other parts of the human body and is no longer responding to hormone treatment that lowers testosterone. Almost all advanced prostate cancer patients, after undergoing hormonal therapy, will eventually progress to CRPC, with mCRPC being the primary cause of patient death.

According to Frost & Sullivan, CDK4/6 inhibitors are recommended treatment for both breast cancer and prostate cancer. CDK4/6 inhibitors, as novel targeted therapeutic agents, are mainly applied to ER+/HER2− breast cancer patients, making a breakthrough in related endocrine treatment modalities. Compared with traditional endocrine therapy alone, CDK4/6 inhibitors combined with endocrine therapy significantly prolonged the progression free survival of breast cancer patients and was well tolerated.

For prostate cancer, abiraterone acetate has been unanimously recommended by national guidelines for the first-line treatment of patients with metastatic desmoplasia resistant prostate cancer. Prostate cancer is an androgen sensitive tumor, and androgens play a key role in prostate carcinogenesis through their interaction with the androgen receptor. Abiraterone is an endocrine therapeutic agent that blocks androgen synthesis, but an increasing number of preclinical and clinical studies have revealed that the signaling pathway is frequently dysregulated and resistant in prostate cancer after abiraterone treatment, and new therapeutic options are urgently needed in the clinic. Studies have demonstrated that CDK4/6 inhibitors inhibit tumor growth and reverse drug resistance in preclinical models such as prostate cancer, and CDK combined with abiraterone will have potential synergistic antitumor efficacy in prostate cancer.

As of the Latest Practicable Date, there were five CDK inhibitors approved and marketed globally, namely, palbociclib, abemaciclib, dalpiciclib, trilaciclib and ribociclib, all of which targeted CDK4/6. Among these, four were approved for combination use with endocrine therapy. As of the Latest Practicable Date, there were 26 CDK inhibitor candidates under development in China, among which TY-302 was the only CDK4/6 inhibitor indicated for prostate cancer. For details about the competitive landscape of CDK inhibitors, see "Industry Overview — CDK Inhibitor Drugs Market — Competitive Landscape of CDK Inhibitors Globally and in China."

Competitive Advantages

Validated Mechanism of Action

CDK4/6 inhibitors may retard cancer progression through diverse mechanisms in addition to cell-cycle regulation. The *in vivo* functions of CDK4/6 inhibition are likely to extend beyond simply enforcing reversible cytostasis. Some studies have shown that some Rb-positive cells undergo quiescence and others undergo senescence when treated with CDK4/6 inhibitors, depending on the cell type and the transforming event. It is known that senescent cells are characterized by metabolic changes and elaboration of cytokines that modulate the immune response. Thus, the ability of CDK4/6 inhibitors to drive tumor cells into senescence may lead to changes in the immune response and cellular metabolism, yielding a unified mechanistic cellular response.

TY-302 was modified by H/D exchange of palbociclib. Palbociclib in combination with aromatase inhibitor has been approved for the treatment of advanced breast cancer in the U.S., the European Union, and China under the trade name IBRANCE. The safety and efficacy of palbociclib have been widely validated in HR+/HER2− breast cancer patients. Namely, according to PALOMA-1, palbociclib and letrozole demonstrated a median PFS of 20.2 months in HR+/HER2− untreated advanced breast cancer. In PALOMA-2, treatment-naive patients with HR+/HER2− advanced breast cancer who received palbociclib and letrozole achieved a median PFS of 24.8 months. In PALOMA-3, women of any menopausal status with HR+/HER2− advanced breast cancer whose disease had progressed on prior endocrine therapy or recurred within 12 months of stopping adjuvant endocrine therapy were randomized to receive either palbociclib and fulvestrant or placebo and fulvestrant. Approximately half the patients had received two or more lines of endocrine therapy in the metastatic setting and approximately one-third had received chemotherapy in the metastatic setting. Final analysis demonstrated a median PFS in the palbociclib and fulvestrant group of 9.5 months, compared with 4.6 months in the placebo and fulvestrant group.

Encouraging clinical data

According to Phase I clinical data, TY-302 obtained a favorable PK portfolio. In the Phase I single-agent dose escalation phase, patients were given 25 mg, 50 mg, 75 mg, 100 mg or 125 mg TY-302 once daily, 28 days as a cycle. In the Phase II combination therapy dose escalation and expansion phase, patients were given TY-302 in combination with 60 mg of toremifene citrate for the 28-day cycle. PK characters of TY-302 were evaluated after receiving single or multiple dosing, respectively. The main PK parameters of TY-302 in Phase I were presented as below:

Main PK Parameters of TY-302 After Single and Multiple Administrations to Patients

	Single-agent Dose Escalation (Phase I)									
	Single Dose						Multiple Doses			
Dose	N	T_{max}[1] h	C_{max} ng/mL	AUC_{0-24h} h*ng/mL	$AUC_{0-\infty}$ h*ng/mL	$t_{1/2}$[2] h	N	$C_{ss,max}$ ng/mL	$C_{ss,min}$ ng/mL	$AUC_{0-\tau}$ h*ng/mL
25mg	1	6.05	6.200	102.617	230.677	29.28	1	17.348	7.465	313.430
50mg	3	7.03	14.389	243.495	548.574	32.37	3	27.087	15.732	390.383[3]
75mg	5	5.98	32.076	487.906	994.186	31.07	3	48.403	28.590	1015.541[3]
100mg	6	4.00	62.037	858.139	1782.935	31.74	4	138.139	71.103	2610.992[4]
125mg	5	4.05	56.760	870.723	1849.782	31.78	1	114.591	61.154	2564.428

Notes:

(1) Data expressed as median;

(2) Data expressed as arithmetic mean;

(3) N=1;

(4) N=3.

$AUC_{0-\tau}$, area under the plasma concentration-time curve over dosing interval, the same as AUC_{0-24h} in this study.

Source: Company Data

After a single oral administration of 25 mg, 50 mg, 75 mg, 100 mg or 125 mg TY-302, the median time to peak plasma concentration of TY-302 was four to seven hours, and the mean half-life was more than 29 hours at all dose levels. The exposure of TY-302 (C_{max} and AUC) demonstrated a direct correlation with the escalating dose. After repeated dosing to a steady state, TY-302 showed a mild to moderate accumulation in patients. Compared with single-agent administration in the Phase I study, TY-302 combination therapy in dose escalation and extension phases showed similar PK profiles, indicating that toremifene had no significant effect on the PK of TY-302 and the risk of drug-drug interactions was low.

Palbociclib was evaluated in a Phase I trial (NCT01684215, A5481010) in Japanese patients as monotherapy for solid tumors (part 1) and combined with letrozole as first-line treatment of postmenopausal patients with ER+/HER2− advanced breast cancer (part 2). Part 1 evaluated palbociclib 100 and 125 mg once daily (3 weeks on/1 week off) to determine the maximum tolerated dose and preliminary efficacy of palbociclib in patients. Part 2 evaluated overall safety and preliminary efficacy of the combination of the MTD of palbociclib 125 mg plus letrozole 2.5 mg. PK samples were collected after single or multiple doses to investigate its PK behavior in humans. The main parameters were listed as below.

Summary of Plasma Palbociclib PK Parameter Values Following Single and Multiple Dosing

	Single Dose						Multiple Doses			
Dose	N	T_{max} (1) h	C_{max} ng/mL	$AUC_{0\text{-}24h}$ h*ng/mL	$AUC_{0\text{-}\infty}$ h*ng/mL	$t_{1/2}$ (2) h	N	$T_{ss,max}$ h	$C_{ss,max}$ ng/mL	$AUC_{0\text{-}\tau}$ h*ng/mL
100mg	6	5.0	41.4	547.5	1039	25.7	6	4.0	77.4	1276
125mg	6	4.0	104.1	1322	2483	23.9	6	4.0	185.5	2838

Notes:

(1) Data expressed as median;

(2) Data expressed as arithmetic mean.

Source: Literature Review

As such, compared with the PK data of palbociclib in Japanese patients, the exposure of TY-302 in Chinese patients was significantly higher than that of palbociclib after single and multiple administration of the same dose level of 100 mg. In addition, we also observed that the explosure of TY-302 at 100mg in our Phase I study was comparable to palbociclib at 125 mg in the Phase I trial (NCT01684215, A5481010) in Japan.

Compared to palbociclib, based on the preliminary safety data collected through our Phase I/II clinical trial, TY-302 achieved comparable safety profile. Among 23 solid tumor patients evaluated in the Phase I/II trial, we observed an encouraging safety profile.

AE	Palbociclib			TY-302		
	All grades (N=872)	Grade 3	Grade 4	All grades (N=23)	Grade 3	Grade 4
	(%)	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*
Infectious and invasive diseases						
Infection	516 (59.2)	49 (5.6)	8 (0.9)	1 (4.3)	0 (0.0)	0 (0.0)
Diseases of the blood and lymphatic system						
Anemia	258 (29.6)	45 (5.2)	2 (0.2)	13 (56.5)	2 (8.7)	0 (0.0)
Diseases of the gastrointestinal system						
Nausea	314 (36.0)	5 (0.6)	0 (0.0)	3 (13.0)	0 (0.0)	0 (0.0)
Diarrhea	238 (27.3)	9 (1.0)	0 (0.0)	1 (4.3)	0 (0.0)	0 (0.0)
Vomiting	165 (18.9)	6 (0.7)	0 (0.0)	1 (4.3)	0 (0.0)	0 (0.0)
Stomatitis	264 (30.3)	8 (0.9)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Various types of inspections						
Decreased neutrophil count	716 (82.1)[1]	500 (57.3)[1]	97 (11.1)[1]	16 (69.6)	10 (43.5)	0 (0.0)
Decreased white blood cell count	424 (48.6)[2]	254 (29.1)[2]	7 (0.8)[2]	18 (78.3)	6 (26.1)	0 (0.0)
Decreased platelet count	194 (22.2)[3]	16 (1.8)[3]	4 (0.5)[3]	8 (34.8)	3 (13.0)	2 (8.7)
Elevated alanine aminotransferase	92 (10.6)	18 (2.1)	1 (0.1)	2 (8.7)	0 (0.0)	0 (0.0)
Elevated aspartate aminotransferase	99 (11.4)	25 (2.9)	0 (0.0)	2 (8.7)	0 (0.0)	0 (0.0)
Systemic diseases and various reactions at the site of administration						
Fever	115 (13.2)	1 (0.1)	0 (0.0)	1 (4.3)	0 (0.0)	0 (0.0)
Weakness	118 (13.5)	14 (1.6)	1 (0.1)	2 (8.7)	0 (0.0)	0 (0.0)
Fatigue	362 (41.5)	23 (2.6)	2 (0.2)	0 (0.0)	0 (0.0)	0 (0.0)
Diseases of the skin and subcutaneous tissue						
Rash	158 (18.1)	7 (0.8)	0 (0.0)	1 (4.3)	0 (0.0)	0 (0.0)
Hair loss	234 (26.8)	NA	NA	1 (4.3)	0 (0.0)	0 (0.0)
Metabolic and nutritional diseases						
Loss of appetite	152 (17.4)	8 (0.9)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)

Notes:

1. Includes neutropenia and lowered neutrophil counts;

2. Includes leukopenia and lowered white blood cell counts;

3. Includes thrombocytopenia and lowered platelet count.

Source: Literature Review; Drug Label; Company Data

In addition, TY-302 showed encouraging preliminary efficacy according to the data collected from the Phase I/II trial. Among 14 breast cancer patients who have received one or more lines of antitumor treatments, eight patients achieved SD and two achieved PR, with a DCR of 71.4%.

Strategic clinical development plan

Later-line ER+/HER2− breast cancer

We adopt a differentiated clinical development strategy for breast cancer. We target patients with third- or later-line ER+/HER2− breast cancer that has progressed after second-line endocrine therapy (i.e. aromatase inhibitors or fulvestrant). These patients have many options for treatment, but no standard of care exists for the next line of systemic therapy. Possible strategies include switching to different class of endocrine therapy, switching to chemotherapy, as a single agent or in combination, or utilizing novel targeted agents. The optimal sequencing of the above options is not well-established.

We are exploring TY-302 in combination with toremifene for the treatment of third- or later-line ER+/HER2− breast cancer that has progressed after second-line endocrine therapy. Toremifene is a selective estrogen receptor modulator. That is, it is a selective mixed agonist-antagonist of the ERs, with estrogenic actions in some tissues and antiestrogenic actions in other tissues. It is approved for the treatment of metastatic breast cancer in postmenopausal women with ER+ or unknown-status tumors. Approved almost 30 years ago, toremifene has a well-established safety and efficacy profile in breast cancer patients.

Palbociclib in combination with letrozole was approved by the FDA in 2015 for the treatment of 1L HR+/HER2− breast cancer. According to the Phase III PALOMA-2 clinical trial, palbociclib in combination with letrozole achieved a significantly improved mPFS compared to the control group (24.8 months vs 14.5 months). Considering that TY-302 was modified by H/D exchange of palbociclib and potentially has better safety and efficacy, and also letrozole and toremifene are both estrogen receptor modulators that have a similar mechanism of action, we believe TY-302 in combination with toremifene will also achieve synergistic antitumor effect in ER+/HER2− patients.

1L mCRPC

Clinically, for androgen-sensitive prostate cancer, endocrine therapy represented by androgen receptor-androgens is one of the standard treatments, in which abiraterone treatment to hinder androgen synthesis is an important modality throughout the course of the disease. Abiraterone tablets, which effectively block androgen production from testicular, adrenal, and intra-tumoral sources by inhibiting the activity of CYP17, a key enzyme in the androgen synthesis pathway, reduce testosterone levels in the blood and bone marrow of prostate cancer patients to the lower limit of detection. Although abiraterone significantly prolongs patient survival, many patients remain resistant to it after a period of treatment.

With the success of CDK4/6 inhibitors in the treatment of breast cancer, CDK4/6 inhibitors are expanding in other indications. Mechanism of action supports a potential synergistic effect of TY-302 combined with abiraterone to strongly regulate cell cycle in prostate cancer. As such, we expect the combination could delay disease progression and prolong survival of mCRPC patients. We select to use abiraterone acetate tablets as a combination drug, expecting that the combination of abiraterone acetate and a TY-302 would produce a synergistic antitumor effect, in order for it to provide more therapeutic approaches for Chinese patients with mCRPC.

Summary of Clinical Trials

Phase II clinical trial of TY-302 in combination with abiraterone in prostate cancer by us

Trial Design. This is an open-label, active-controlled, multicenter Phase II clinical study to evaluate the safety and efficacy of oral TY-302 capsules in combination with abiraterone acetate for the first-line treatment of mCRPC. This study will be conducted in China. There are two phases: Phase IIa is a dose finding study, while Phase IIb is a proof-of-concept study. In Phase IIa, the enrolled patients will receive 75mg or 100 mg TY-302 with 750mg or 1000mg abiraterone acetate. In Phase IIb, we will investigate TY-302 in combination with abiraterone acetate in the dose determined in Phase IIa, and compare the safety and efficacy with 750mg or 1000mg abiraterone acetate.

The primary objectives of this study are safety and efficacy. The secondary objectives include PK.

Trial Status. Leveraging clinical data from the single-agent study of the below trial, we obtained the IND approval in May 2023, and plan to enroll the first patient in the second half of 2024.

Phase I/II clinical trial of TY-302 in combination with toremifene citrate in advanced solid tumors, especially in relapsed or metastatic ER+/HER2− breast cancer by us

Trial Design. This is an open-label, single-arm, Phase I/II clinical study to evaluate the safety, tolerability, and PK profile of orally administered TY-302 capsules in patients with advanced solid tumors, especially in relapsed or metastatic ER+/HER2− breast cancer after two lines of endocrine therapy. The trial is conducted in China. In the Phase I single-agent dose escalation phase, patients with advanced solid tumors were given 25 mg, 50 mg, 75 mg, 100 mg, 125 mg or 150 mg TY-302 once daily for a 28-day cycle. In the Phase II combination therapy dose escalation and expansion phase, patients with relapsed or metastatic ER+/HER2− breast cancer after two lines endocrine therapy were given TY-302 combination therapy. In addition to TY-302, the subjects were also given toremifene citrate at a dose of 60 mg for the 28-day cycle.

The primary objectives of the single-agent study are to evaluate the safety and tolerability of TY-302 capsule monotherapy in patients with advanced solid tumors, and to determine the MTD, DLT and RP2D. The secondary objectives include evaluating the PK profile and preliminary efficacy, such as ORR, DoR, DCR, CBR and PFS, of TY-302 capsules.

The primary objectives of the combination therapy dose-escalation study are to evaluate the safety and tolerability of different doses of TY-302 in combination with toremifene citrate in patients with relapsed or metastatic ER+/HER2– breast cancer, and also to observe the DLT and MTD, and determine the RP2D of the combination regimen. The secondary objectives include examining the PK and preliminary efficacy of TY-302 capsules in combination with toremifene citrate in patients with recurrent or metastatic ER+/HER2– breast cancer. The primary objectives of the dose-expansion study are to evaluate the efficacy of the combination regimen. The secondary objectives include safety and PK profile.

Trial Status. We obtained the IND approval of the single-agent study in patients with solid tumors in December 2019, enrolled the first patient in November 2020, and completed the study in July 2022. We obtained the IND approval of the combination therapy study in patients with relapsed or metastatic ER+/HER2– breast cancer in November 2021, and enrolled the first patient in August 2022. Currently, we are in the dose expansion stage of the combination therapy study.

Safety Profile. Preliminary safety data showed that among 23 patients enrolled in the dose escalation study, the main AEs were hematologic toxicity, as evidenced by neutropenia, leukocytosis, thrombocytopenia, and lymphocytosis.

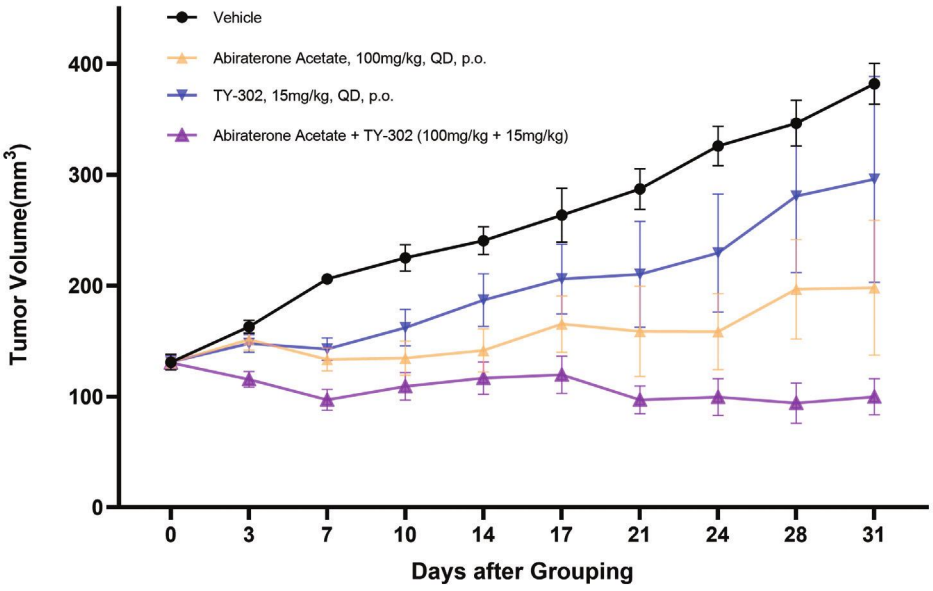
Efficacy Profile. Of the 14 breast cancer patients enrolled in the study, eight achieved SD and two achieved PR, with an ORR of 14.3% and a DCR of 71.4%.

Conclusion. TY-302 was safe and well tolerated, and the toxicity was mainly hematological toxicity, according to the preliminary safety data. In addition, in the treatment of ER+/HER2– breast cancer patients, it showed good antitumor activity with eight subjects achieved SD and two achieved PR.

Summary of Preclinical Data

TY-302 in combination with abiraterone showed encouraging efficacy in mouse model bearing prostate cancer. We conducted a study to investigate the inhibitory effect of TY-302 in combination with abiraterone in the LNCaP CDX model, a human prostate cancer mouse model. Each mouse received either a negative control, 15mg/kg TY-302, 100mg/kg abiraterone acetate, or their combination once daily through oral administration. Each group consisted of five mice. The results, observed 31 days after grouping, demonstrated that the mean tumor volume in the combination therapy group exhibited significantly improved antitumor efficacy compared to each drug administered alone. This indicates that TY-302, when combined with abiraterone acetate, achieved a synergistic effect.

Antitumor Activity of Test Articles in the Treatment of LNcap Model



Source: Company Data

Clinical Development Plan

We are currently conducting a Phase II clinical trial of TY-302 in breast cancer. We expect to initiate a double-blind, randomized, toremifene-controlled, registrational Phase III clinical trial of TY-302 in combination with toremifene citrate as third- or later-line treatment in breast cancer in the first quarter of 2025, and we anticipate to submit a NDA in the second half of 2028. In addition, we plan to commence a Phase II clinical trial of TY-302 in combination with abiraterone as first-line treatment in prostate cancer in the second half of 2024 and we expect to commence a double-blind, randomized, abiraterone-controlled, registrational Phase III clinical trial of TY-302 in the second half of 2026.

Licenses, Rights and Obligations

The relevant intellectual property rights, including patent rights, of TY-302 in China were acquired by us from Tetranov Pharmaceutical in 2017. For details, see "— Collaboration Arrangement — Patent Transfer Arrangement with Tetranov Pharmaceutical in Relation to TY-302." We have developed TY-302 at our own costs since preclinical stage, and we maintain the exclusive rights to develop and commercialize this drug candidate in China.

To the best knowledge of the Company, as of the Latest Practicable Date, Tetranov Pharmaceutical did not hold any issued patent for TY-302 in any foreign country or region, nor did Tetranov Pharmaceutical commence clinical development of TY-302 in any foreign country or region.

Material Communications With Competent Authorities

We have not received any concerns or objections from the NMPA related to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-302 SUCCESSFULLY.

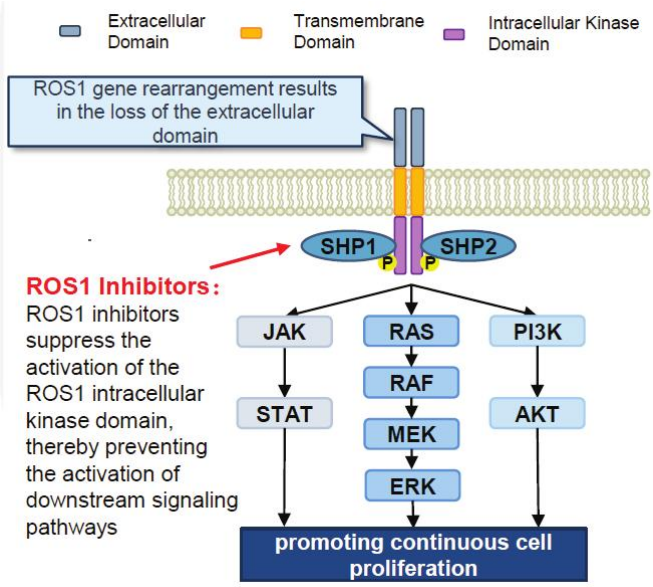
Key Product: TY-2136b – ROS1/NTRK Inhibitor

TY-2136b is an internally developed, selective, oral inhibitor of ROS1/NTRK for the treatment of advanced cancer. It was designed to efficiently bind with the active kinase conformation and avoid steric interference from a variety of clinically resistant mutations. The compact structure is believed to allow TY-2136b to precisely and efficiently bind into the ATP binding pocket of the kinase, and potentially circumvent the steric interference that results in resistance to bulkier kinase inhibitors. As an innovative ROS1/NTRK inhibitor, TY-2136b is not only effective against ROS1/NTRK oncogenic gene mutations, but also exhibits high selectivity of ROS1 and NTRK mutations such as ROS1 G2032R mutation and NTRK G595R, which commonly contribute to resistance against existing ROS1/NTRK drugs.

We received the implied IND approval for conducting Phase I and Phase II clinical trials of TY-2136b for the treatment of solid tumors from the FDA in November 2021. Livzon received the IND approval for conducting Phase I and Phase II clinical trials of TY-2136b for the treatment of solid tumors from the NMPA in February 2022. In September 2023, we received the Orphan Drug Designation of TY-2136b for the treatment of ROS1-positive, NTRK fusion-positive, ALK-positive or LTK-positive NSCLC from the FDA. Livzon is currently conducting a Phase Ib clinical trial of TY-2136b in China and we are conducting a Phase I clinical trial in the U.S. Leveraging Phase I clinical data collected both in China and the U.S., we will communicate with the FDA and carefully design our future clinical development plan of TY-2136b in the U.S.

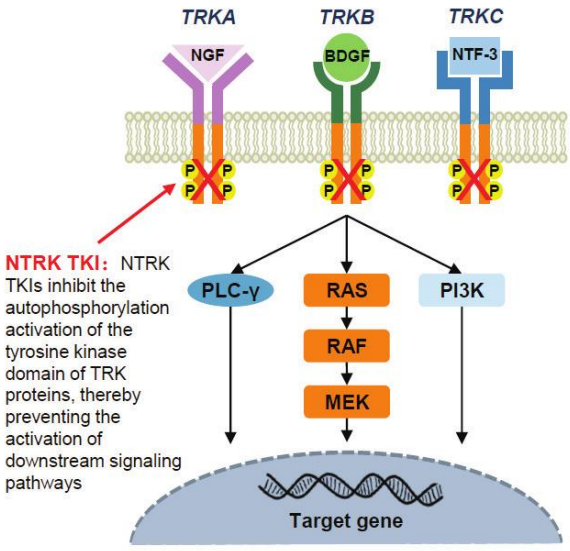
Mechanism of Action

ROS1 is a pivotal transmembrane receptor protein tyrosine kinase which regulates several cellular processes like apoptosis, survival, differentiation, proliferation, cell migration, and transformation. There is increasing evidence supporting that ROS1 plays an important role in different malignancies including glioblastoma, colorectal cancer, gastric adenocarcinoma, inflammatory myofibroblastic tumor, ovarian cancer, angiosarcoma and NSCLC. Recurrent gene fusions are oncogenic drivers of various cancers. ROS1 fusions include a kinase domain containing 3' region of ROS1 fusing to various partners, the most common of which being CD74. The resultant oncoprotein is characterized by constitutive kinase activation, increased downstream signaling, and ultimately tumor growth. Typically, ROS1 fusions do not overlap with other canonical drivers in NSCLCs, including neurotrophin tyrosine receptor kinase (NTRK) fusions. According to Frost & Sullivan, up to 36% of patients with ROS1 fusion-positive NSCLCs have brain metastases at the diagnosis of advanced disease, and many others will subsequently develop intracranial metastases. This fact highlights the need for novel ROS1 inhibitors for clinical therapy.



Source: Literature Review, Frost & Sullivan Analysis

Fusions involving the NTRK gene family, including NTRK1, NTRK2, and NTRK3, lead to the expression of chimeric rearrangements in tropomyosin receptor kinases (TRKs) A, B, and C, respectively, with constitutively active kinase function. NTRK fusions were observed in 0.31% of adult tumors and 0.34% of pediatric cancers, mostly in NTRK3 (0.16% of adult tumors) and NTRK1 (0.14% of pediatric tumors). So far, a total of two small NTRK-targeting inhibitors have been approved by the FDA, including larotrectinib and entrectinib.



Source: Literature Review, Frost & Sullivan Analysis

Accordingly, TKIs can be used for the treatment of ROS1/NTRK mutated NSCLCs, and there have been several products, such as crizotinib and entrectinib, that have received marketing approvals worldwide. These ROS1/NTRK inhibitors have demonstrated encouraging antitumor activities in patients with NSCLC harboring ROS1/NTRK mutations. For example, entrectinib, an oral pan-NTRK, ROS1, and ALK inhibitor approved by the FDA in 2019, has demonstrated an ORR, an intracranial ORR, and a medium PFS of 67.1%, 79.2%, and 15.7 months in locally advanced or metastatic ROS1 fusion-positive NSCLC. While the current treatments demonstrated effectiveness, the development of the next generation of ROS1/NTRK inhibitors aims to enhance their efficacy, specifically simultaneously targeting both the oncogene and combating drug-resistant mutations.

Market Opportunity and Competition

According to Frost & Sullivan, the global ROS1/NTRK-TKI market grew from US$70.7 million in 2017 to US$332.0 million in 2023, reflecting a CAGR of 29.4%. The global ROS1/NTRK-TKI market is forecasted to reach US$602.0 million in 2027 and ultimately to US$1,052.9 million in 2033, representing a CAGR of 16.0% from 2023 to 2027 and a CAGR of 9.8% from 2027 to 2033. The ROS1/NTRK-TKI market in China has developed at a faster pace, increasing from RMB15.7 million in 2017 to RMB252.6 million in 2023, demonstrating a CAGR of 58.8%. The ROS1/NTRK-TKI market in China is projected to further grow to RMB514.2 million in 2027 and RMB860.5 million in 2033, with a CAGR of 19.4% from 2023 to 2027 and a CAGR of 9.0% from 2027 to 2033.

In China, ROS1 mutation accounts for approximately 1.5% of all NSCLC patients, while NTRK mutation accounts for approximately 1.0% of all NSCLC patients. From 2017 to 2023, the number of new cases of NSCLC with ROS1 or NTRK mutation worldwide increased from 36.8 thousand to 43.3 thousand, representing a CAGR of 2.7%. It is estimated that the number of new patients of NSCLC with ROS1 or NTRK mutation worldwide will reach 56.2 thousand in 2033. From 2017 to 2023, the number of new cases of NSCLC with ROS1 or NTRK mutation in China increased from 17.9 thousand to 21.6 thousand, representing a CAGR of 3.2%. It is estimated that the number of new cases of NSCLC with ROS1 or NTRK mutation in China will reach 28.3 thousand in 2033.

As of the Latest Practicable Date, four ROS1/NTRK-TKIs had secured approval from the FDA, including entrectinib by Roche, crizotinib by Pfizer, repotrectinib by BMS, and larotrectinib by Bayer and there were five ROS1/NTRK-TKIs that secured approval from the NMPA. As of the Latest Practicable Date, there were 30 ROS1/NTRK-TKI candidates under development globally. Among them, there were four candidates that simultaneously target both ROS1 and NTRK with the most clinically advanced candidate in the Phase II clinical stage. For details about the competitive landscape of ROS1/NTRK inhibitors, see "Industry Overview — ROS1/NTRK-TKI Market — Competitive Landscape of ROS1/NTRK-TKIs" in this prospectus.

Competitive Advantages

Encouraging safety based on preclinical data

Although being developed to bind to multiple targets, TY-2136b was preliminarily found to be well tolerated based on multiple preclinical studies. It is because that TY-2136b is highly potent against ROS1, NTRK, moderately potent against ALK and LTK, and only weakly potent against ABL1(H396P), JAK1, JAK2, JAK3 (collectively denoted as JAK1/2/3 hereafter), and SRC kinases.

We have conducted multiple head-to-head preclinical studies and found that TY-2136b: (1) does not confer inhibitory activity towards Ba/F3 cells over expressing ABL1 (H396P) mutant kinase; (2) does not disrupt the JAK/STAT signaling pathway in lung cancer cell line models; and (3) does not inhibit SRC kinase activity. The results of these studies are presented in the tables below:

Inhibitory Activities Against Kinase ABL1 (H396P) in Ba/F3 Cells

	TY-2136b	TPX-0005	Rebastinib	Selectivity Index	
				TY-2136b/TPX-0005	TY-2136b/Rebastinib
IC_{50}(nM)	87.13	49.98	4.32	1.74	20.12

Source: Company Data

Inhibitory Activities Against JAK 1/2/3

	TY-2136b	TPX-0005	Ruxolitinib	Tofacitinib	Selectivity Index		
Targets	ROS1/NTR/ALK		JAK1/2	JAK3			
	IC_{50}(nM)				TY-2136b/ TPX-0005	TY-2136b/ Ruxolitinib	TY-2136b/ Tofacitinib
JAK1	47.37	22.43	1.28	—	2.1-fold	37-fold	—
JAK2	2.48	0.72	0.02	—	3.4-fold	124-fold	—
JAK3	112.59	15.17	—	< 0.51	7.4-fold	—	>221-fold

Source: Company Data

Summary of *in Vitro* Kinase Assay Results for SRC Kinase

	TY-2136b	TPX-0005	Dasatinib	Selectivity Index	
				TY-2136b/TPX-0005	TY-2136b/Dasatinib
IC_{50}(nM)	128.99	10.35	0.11	12.5-fold	1,172-fold

Source: Company Data

Considering that TY-2136b possesses a favorable *in vitro* safety profile together with other factors, the FDA granted the Orphan Drug Designation of TY-2136b for the treatment of ROS1-positive, NTRK fusion-positive, or LTK positive NSCLC in September 2023.

Encouraging efficacy based on preclinical data

Because TY-2136b will less likely be captured by targets other than ROS1 and NTRK, more TY-2136b is expected to accumulate at its targets and thus can potentially bring favorable efficacy. This speculation received initial validation through our series of *in vitro* and *in vivo* experiments.

ROS1 G2032R is identified in multiple cancer cases following crizotinib treatment and is believed to contribute to the acquired resistance of crizotinib. We evaluated TY-2136b's activity against ROS1 mutation in a head-to-head study in comparison with crizotinib and repotrectinib (TPX-0005) in Ba/F3 cell line. The results showed TY-2136b inhibited cell proliferation in cell lines expressing wild-type and mutant ROS1, including the resistance-driving G2032R mutation. It also demonstrated more potent cell proliferation inhibition than crizotinib and repotrectinib.

Efficacy Against ROS 1-Mutant Cell Line

Cell lines		Proliferation Inhibition IC_{50}(nM)		
		TY-2136b ROS1/NTRK	**Crizotinib ROS1**	**TPX-0005 ROS1/NTRK**
Parental Ba/F3 cell line		**2388**	1169	/
BA/F3-CD74-ROS1	WT	**3.4**	15	2.1
	G2032R	**19**	676	45
	D2033N	**14**	76	7.4
	L2026M	**40**	263	30
	S1986Y	**3.2**	40	4.3
	S1986F	**4.5**	46	3.1
	L1951R	**4.8**	253	3.3

Source: Company Data

Furthermore, NTRK mutations, such as NTRK1 G595R, confer resistance to larotrectinib treatment. In a preclinical study, we evaluated TY-2136b's activity against NTRK mutation in a head-to-head study in comparison with larotrectinib (LOXO-101) in Ba/F3 cell line. The result showed that TY-2136b had potent inhibitory activities of wild-type TRK and resistance-driving TRK mutations, including TRKA G595R, TRKA G667C, and TRKA G595R/F589L, among others. Also, its cell proliferation inhibition activity was better than that of larotrectinib.

Antitumor Efficacy in NTRK-Positive Cell Line

Cell lines		Proliferation Inhibition IC_{50}(nM)	
		TY-2136b ROS1/NTRK	LOXO-101 NTRK
Ba/F3-LMNA-NTRK1	WT	**5.9**	19
	G595R	**11**	1862
	G667C	**136**	483
	F589L	**5.3**	164
	G595R /F589L	**62.4**	>10000
Ba/F3-ETV6-NTRK2	WT	**5.2**	17
	G639R	**33**	2069
Ba/F3-ETV6-NTRK3	WT	**5.3**	21
	G623R	**6.9**	668
	G696C	**65**	337

Source: Company Data

Therefore, as an innovative ROS1/NTRK inhibitor, TY-2136b is not only effective against ROS1/NTRK oncogenic gene mutations, but also exhibits high selectivity of ROS1 and NTRK mutations such as ROS1 G2032R mutation and NTRK G595R, which commonly contribute to resistance against existing ROS1/NTRK drugs.

Summary of Clinical Trials

Phase I clinical trial of TY-2136b monotherapy in advanced or metastatic solid tumors by us

Trial Design. This is a first-in-human, open-label, multicenter Phase I study of TY-2136b designed to investigate the safety, tolerability, PK portfolio, and preliminary efficacy of the drug in patients with advanced or metastatic solid tumors harboring ROS1 or NTRK1-3 alterations. The study is being conducted in the U.S. There will be two stages in this study: an escalation stage and an expansion stage. In the escalation stage, patients with histologically or cytologically confirmed diagnosis of locally advanced or metastatic solid tumors that harbors ROS1, NTRK1, NTRK2 or NTRK3 alterations will be enrolled. TY-2136b will be administered continuously, once or twice daily, every 21 days as a cycle. In cycle 1, PK blood samples will be collected according to the time points mentioned below. It is estimated that less than 42 subjects will be treated during the escalation stage.

In the expansion stage, patients with histologically or cytologically confirmed diagnosis of locally advanced or metastatic NSCLC and other solid tumors that harbors a documented ROS1 or NTRK1-3 gene fusion or rearrangement will be enrolled. One or two doses will be selected based on the obtained data, and there will be four parallel cohorts with each cohort of 12-30 subjects. A full PK collection will be performed in cycle 1 for three to five subjects of each cohort (i.e., 12-20 subjects in total); for other subjects, a sparse PK collection will be performed.

The primary objective of this study is to evaluate the efficacy of TY-2136b. The secondary objectives include characterizing the safety and evaluating the PK characteristics of TY-2136b.

Trial Status. We enrolled the first patient in April 2023. The Phase I clinical trial is currently ongoing.

Phase I clinical trial of TY-2136b (LZ001-CH-I) in patients with advanced solid tumors with NTRK1/2/3, ROS1 or ALK gene fusion by Livzon

Trial Design. This is a single arm, open label Phase I clinical trial in patients with advanced solid tumors with NTRK1/2/3, ROS1 or ALK gene fusion to evaluate the safety, tolerability, PK and efficacy of TY-2136b. This trial is being conducted in China. Approximately 180 patients are expected to be enrolled. Each patient will receive 80mg, 160mg, 320mg, 480mg or 600mg TY-2136b QD.

The primary objectives include safety, PK, MTD, RP2D and ORR. The secondary objectives include DoR, time to response, DCR, PFS and OS.

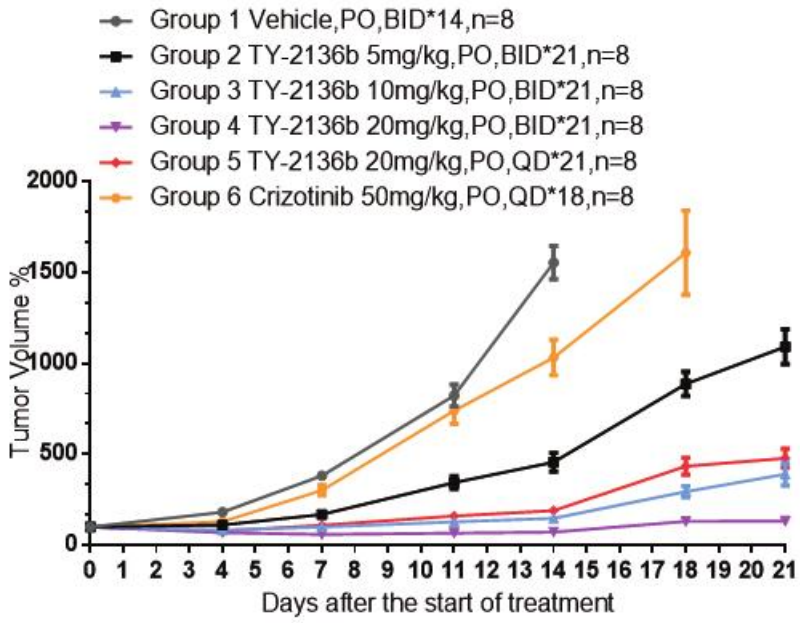
Trial Status. Livzon enrolled the first patient in September 2022. A Phase Ib trial is currently ongoing.

Summary of Preclinical Data

Our preclinical studies showed that TY-2136b had an excellent antitumor effect in animal models bearing tumors associated with ROS1- G2032R mutation, NTRK1 G595R mutation and NTRK1 gene fusion. These mutations are driver gene for acquired resistance against existing drugs.

The antitumor activity was evaluated in the Ba/F3-CD74-ROS1-G2032R allograft model with groups including vehicle (BID), positive control crizotinib (50mg/kg QD), TY-2136b (5 mg/kg BID), TY-2136b (10 mg/kg BID), TY-2136b (20 mg/kg BID) and TY-2136b (20 mg/kg QD). Each group consisted of eight tumor-bearing mice and were treated with oral gavage administration. The results showed that at the dose of 5 mg/kg (BID), 10 mg/kg (BID), 20 mg/kg (BID) and 20mg/kg (QD), TY-2136b showed better antitumor effect on Ba/F3-CD74-ROS1-G2032R allograft model than 50mg/kg (QD) of crizotinib. At the same time, TY-2136b 20 mg/kg showed significant antitumor effects on Ba/F3-CD74-ROS1-G2032R allograft model. The results also showed that TY-2136b did not significantly affect mice's body weight.

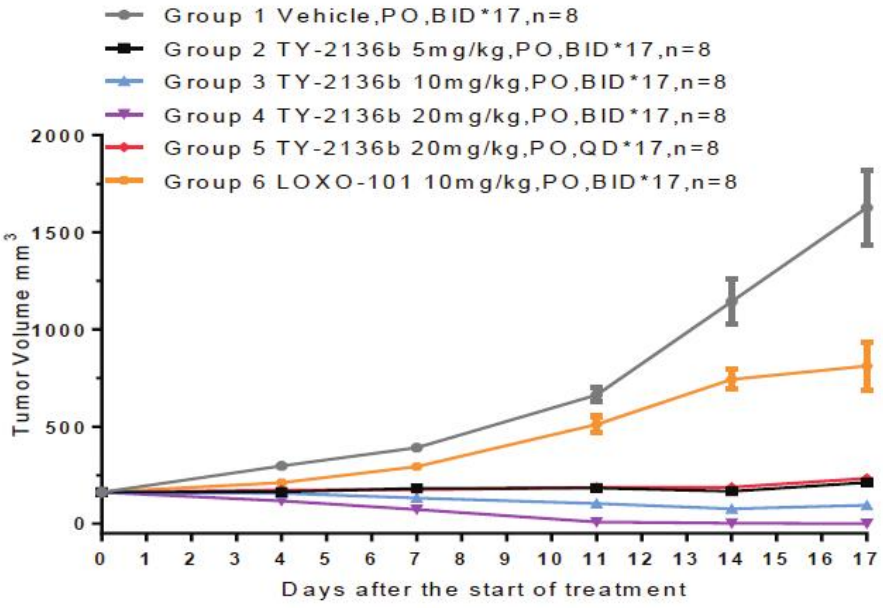
Tumor Growth Curve of Different Groups in the Ba/F3-CD74-ROS1 Allograft Model



Source: Company Data

The antitumor activity was evaluated in the Ba/F3-LMNA-NTRK1-G595R allograft model with groups including vehicle (BID), positive control larotrectinib or LOXO-101 (10mg/kg BID), TY-2136b (5 mg/kg BID), TY-2136b (10 mg/kg BID), TY-2136b (20 mg/kg BID) and TY-2136b (20 mg/kg QD). Each group consisted of eight tumor-bearing mice and were treated with oral gavage administration. The results demonstrated that TY-2136b exhibited significant antitumor activity at dose levels of 5 mg/kg, 10 mg/kg BID, 20 mg/kg BID, and 20 mg/kg QD. In addition, TY-2136b 20mg/kg QD showed significant antitumor effects on Ba/F3-LMNA-NTRK1-G595R allograft model. Moreover, the same as the finding in the study in ROS1 mutation mouse model as described above, the body weight did not change significantly.

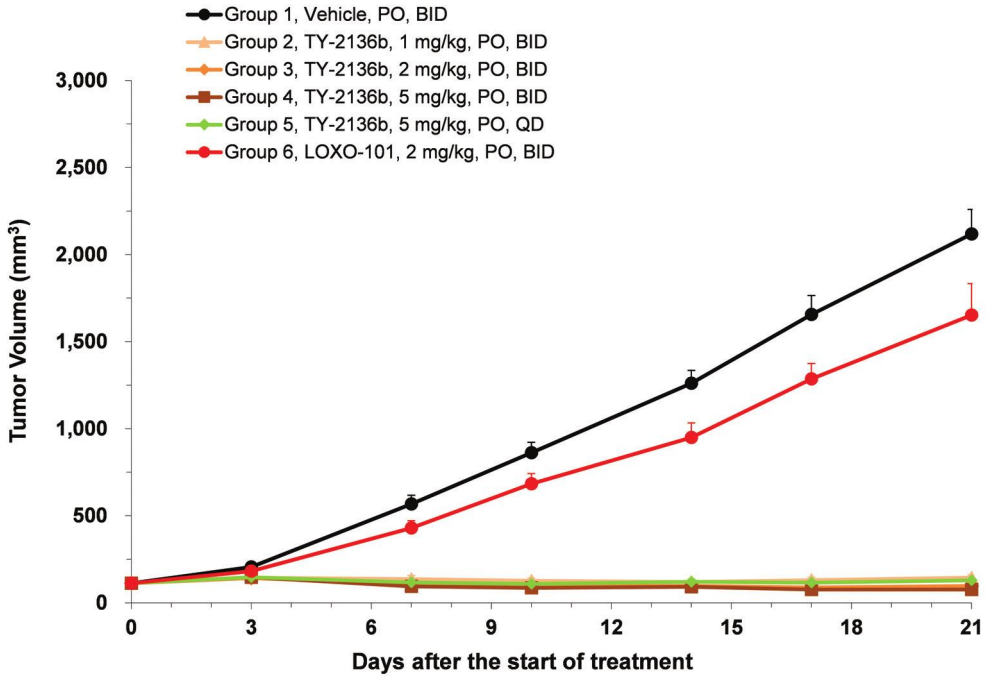
Tumor Growth Curve of Different Groups in the Ba/F3-LMNA-NTRK1-G595R Allograft Model



Source: Company Data

The antitumor activity was evaluated in the KM12-luc model with groups including vehicle (BID), positive control larotrectinib or LOXO-101 (2 mg/kg BID), TY-2136b (1 mg/kg BID), TY-2136b (2 mg/kg BID), TY-2136b (5 mg/kg BID) and TY-2136b (5 mg/kg QD). Each group consisted of eight tumor-bearing mice and were treated with oral gavage administration. The result showed that compared with larotrectinib, TY-2136b at 1 mg/kg BID, 2 mg/kg BID, 5 mg/kg BID and 5 mg/kg QD showed significant inhibition effect on KM12-luc tumor growth. All mice treated with TY-2136b maintained body weight well during the treatment.

Tumor Growth Curve of Different Groups in the KM12-luc Model



Source: Company Data

Clinical Development Plan

Livzon is currently conducting a Phase Ib clinical trial of TY-2136b in China and we are conducting a Phase I clinical trial in the U.S. Leveraging Phase I clinical data collected both in China and the U.S., we will communicate with the FDA and carefully design our future clinical development plan of TY-2136b in the U.S.

Licenses, Rights and Obligations

TY-2136b was developed by us. We have out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon. We maintain the rights to develop and commercialize this drug candidate in the rest of the world. For detailed information, see "— Collaboration Arrangement — Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b."

Material Communications With Competent Authorities

We have not received any concerns or objections from the NMPA or the FDA related to our clinical development plans as of the Latest Practicable Date.

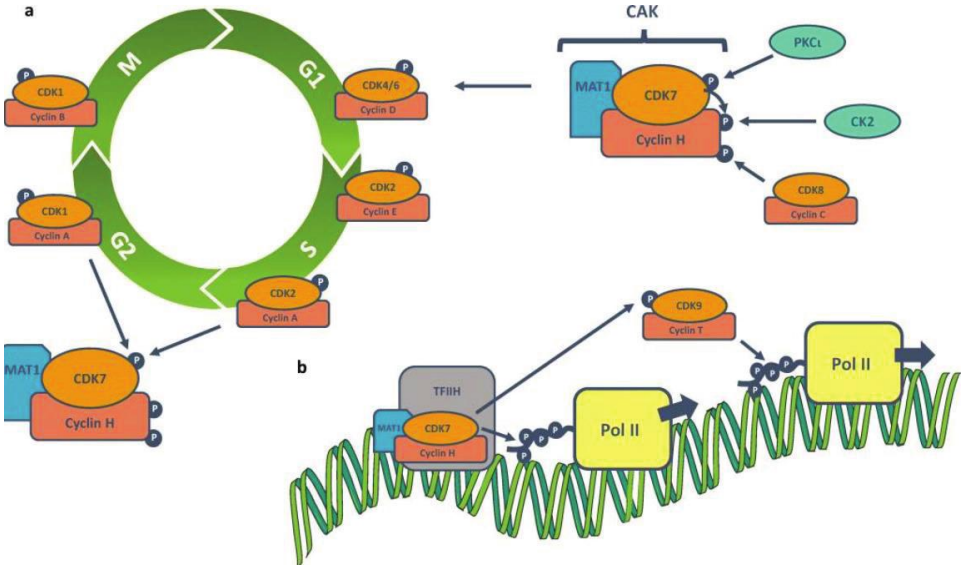
WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-2136B SUCCESSFULLY.

TY-2699a – CDK7 Inhibitor

TY-2699a is a selective CDK7 inhibitor designed for the treatment of advanced/metastatic solid tumors. With its high oral bioavailability, excellent selectivity, enhanced safety profile, and robust activity against various cancers such as triple-negative breast cancer and ovarian cancer, it offers promise across a wide spectrum of indications, presenting significant market potential. TY-2699a received the implied IND approval from the FDA and the IND approval from the NMPA in February 2023 and May 2023, respectively. We are currently conducting a Phase I clinical trial of TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in SCLC and TNBC) in China, and expect to commence Phase Ib clinical trial in the first quarter of 2025.

Mechanism of Action

CDK7, along with cyclin H and MAT1, forms the CDK-activating complex, which directs progression through the cell cycle through T-loop phosphorylation of cell cycle CDKs. CDK-activating complex also has a role in the regulation of transcription, as a component of the general transcription factor, TFIIH. As an active gene promoter, CDK7 phosphorylates the C-terminal domain of RNA polymerase II at serine 5, to facilitate transcription initiation. CDK7 also phosphorylates CDK9, which in turn phosphorylates the C-terminal domain of RNA polymerase II at serine 2, to drive transcription elongation. The activities of a variety of transcription factors, including p53, retinoic acid receptor, oestrogen receptor and androgen receptor, are also regulated by CDK7-mediated phosphorylation.



Abbreviations:

CAK = CDK activating kinase; CDK = cyclin-dependent kinase; CK2 = protein kinase CK2; G1 = gap phase 1; G2 = gap phase 2; M = mitosis; P = phosphate; PKC ι = protein kinase C iota; Pol II = RNA polymerase II; S = synthesis; TFIIH = transcription factor II H.

Note: Overview of the regulation of CAK and the role of CDK7 in regulating (a) the cell cycle and (b) transcription.

Source: Literature Review

Immunohistochemical analysis on a range of tumor types indicated that CDK7 expression is elevated in tumor cells compared with their normal counterparts, and subsequently numerous studies have provided support for this finding. In ER+ breast cancer, CDK7, cyclin H and MAT1 are overexpressed and are co-regulated at the mRNA level. Expression of the CDK-activating complex components positively correlates with ER expression and serine118 phosphorylation, as well as with improved patient outcomes. Conversely, in TNBC, CDK7 expression is correlated with poor prognosis. In addition, associations between CDK7 and reduced survival have been observed in gastric cancer, ovarian cancer, oral squamous cell carcinoma, hepatocellular carcinoma and glioblastoma. For oral squamous cell carcinoma, animal studies have also revealed a potential role for CDK7 in disease development.

These findings raise the possibility that tumors with increased expression of CDK7 may be more sensitive to CDK7 inhibition, particularly in the case of ER+ breast cancer, where the CDK7-activated nuclear receptor, ERα, drives tumor progression.

Common molecular features of cancer, such as mutation, copy number changes and genomic rearrangements, can either directly or indirectly impact gene expression profiles that drive cancer. Recently, clusters of enhancers, termed super-enhancers, that control the expression of genes integral for cell identity and function have been defined. Deregulation of the super-enhancers landscape is common in cancer and leads to dramatic changes in gene expression and high transcriptional outputs, which maintain the oncogenic cell state. As a result, cancer cells become transcriptionally addicted, requiring higher levels of transcription than normal cells to sustain growth. The phenomenon of transcriptional addiction suggests that cancer cells may be more responsive than normal cells to transcriptional inhibition and provides a strong basis for targeting transcriptional kinases, including CDK7, in cancer.

Summary of Clinical Trials

Phase I clinical trial of TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors by us

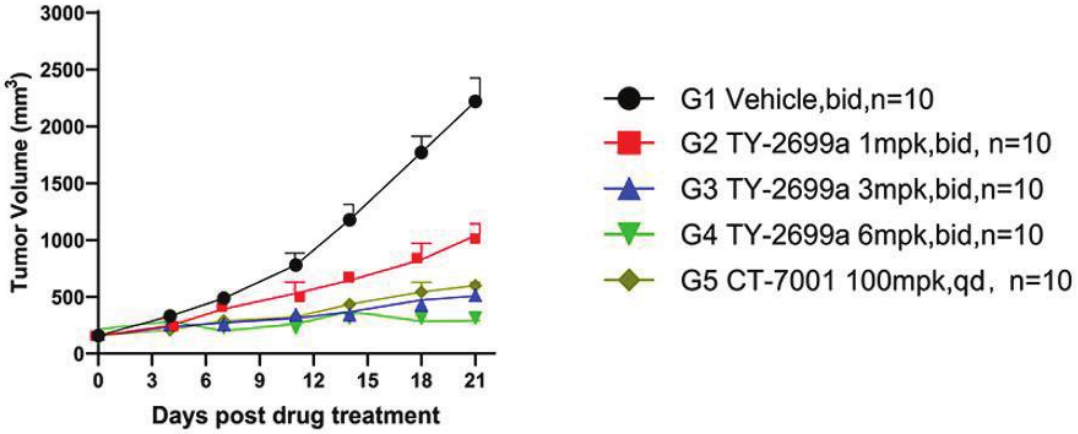
Trial Design. This is a multicenter, open-label Phase I study of TY-2699a, administered orally in adult patients with locally advanced or metastatic solid tumors. The study enrolls participants with locally advanced or metastatic solid tumors that may include, but are not limited to TNBC, ER+/HER2– BC, ovarian cancer, SCLC, CRPC and pancreatic ductal adenocarcinoma with KRAS mutation. Subjects will be administered TY-2699a capsule orally once a day in 28-day cycles. The cohorts and indications at the expansion stage will be finally decided based on the data obtained at the escalation stage.

The primary objectives are to evaluate the safety and tolerability of TY-2699a, and to determine the MTD and RP2D in the escalation stage, and to assess the safety, tolerability, and clinical efficacy of TY-2699a as a single agent or in combination with standard therapy in patients with locally advanced or metastatic solid tumors in the expansion stage. The secondary objectives include examining the PK profile and the preliminary antitumor efficacy in the escalation phase and evaluating the PK profile in the expansion phase as a single agent or in combination with standard therapy.

Trial Status. The Phase I study was commenced in August 2023, and is currently ongoing in China.

Summary of Preclinical Data

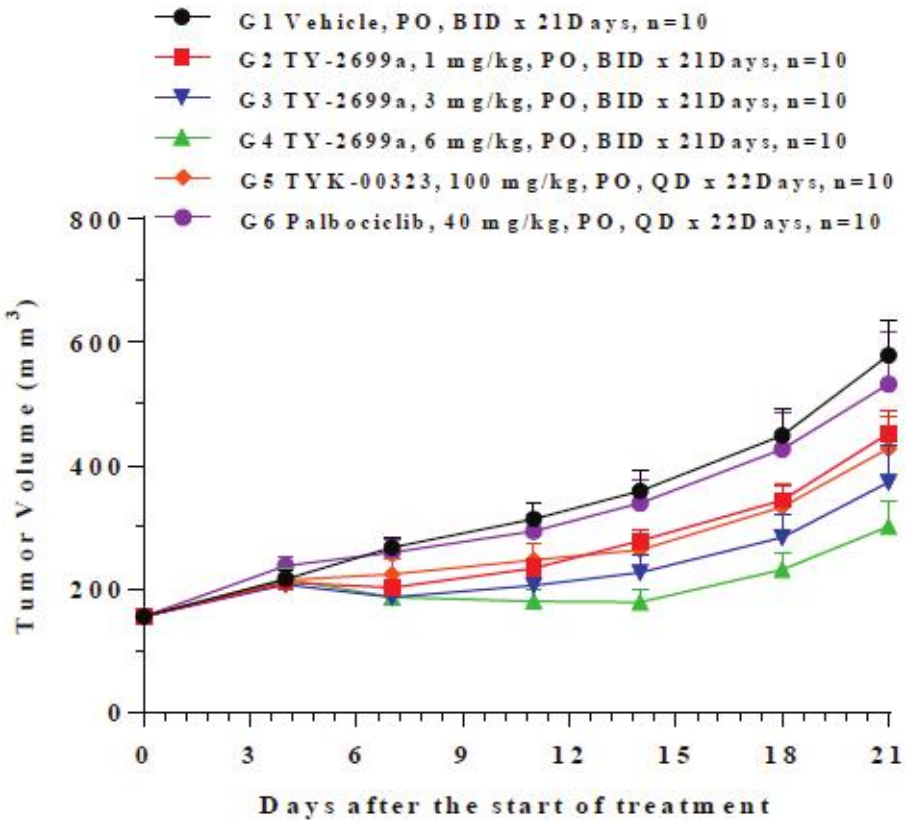
TY-2699a potentially has a broadened therapeutic window and better efficacy. A study was conducted in the TNBC PDX mouse model with subcutaneously transplanted BR5010 cells. The study encompassed five groups: a negative control (BID), a positive control TY-00323 (CT7001) at 100 mg/kg (QD), and treatment groups of TY-2699a administered at doses of 1 mg/kg (BID), 3 mg/kg (BID), and 6 mg/kg (BID). These drugs were orally administered via gavage for 21 days. The result showed that TY-2699a exhibited effective tumor suppression at all dose levels. Notably, the 6 mg/kg BID dose significantly inhibited tumor growth, achieving a TGI rate of 92.93%.



Source: Company Data

In a mouse model with subcutaneously transplanted xMCF-7_Palbo-R cells (palbociclib-resistant ER+/HER2– human breast cancer MCF-7 cells), TY-2699a exhibited substantial inhibition of tumor growth, while palbociclib showed no such effect. The experiment comprised six groups: a negative control (BID), positive controls using 40 mg/kg palbociclib (QD) and 100 mg/kg CT7001 (QD), and treatment groups receiving TY-2699a at doses of 1 mg/kg, 3 mg/kg, and 6 mg/kg (BID). The results demonstrated varying degrees of tumor growth inhibition with TY-2699a across the three dosage levels, indicating a dose-dependent relationship. The high-dose TY-2699a groups demonstrated pronounced suppression of tumor growth, and TY-2699a at 6 mg/kg BID achieved a TGI of 35.73%. In contrast, palbociclib at 40 mg/kg QD exhibited no inhibitory effect on tumor growth compared to the negative control group.

Tumor Growth in xMCF-7/Palbo-R Xenograft Mouse Model



Source: Company Data

Clinical Development Plan

We are currently conducting a Phase I clinical trial of TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in SCLC and TNBC) in China, and expect to commence Phase Ib clinical trial in the first quarter of 2025. We anticipate to commence a pivotal Phase II clinical trial in the second half of 2026.

As of the Latest Practicable Date, we had not commenced a clinical trial of TY-2699a in the U.S. and did not plan to do so within the coming six months. We will consider various options, including collaborating with reputable pharmaceutical companies, and carefully decide the commencement date of clinical trials in the U.S.

Licenses, Rights and Obligations

TY-2699a was developed by us, and we maintain the global rights to develop and commercialize this drug candidate.

Material Communications With Competent Authorities

We have not received any concerns or objections from the NMPA or the FDA related to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-2699A SUCCESSFULLY.

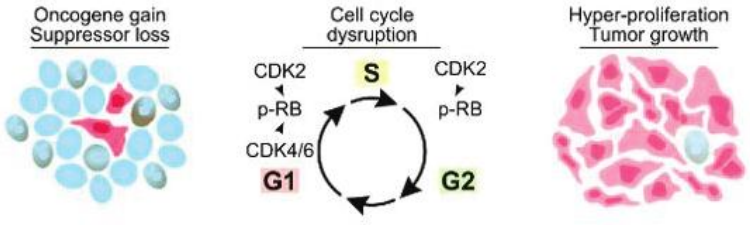
TY-0540 – CDK2/4/6 Inhibitor

TY-0540 is a novel CDK2/4/6 inhibitor intended for the treatment of advanced/metastatic solid tumors. We received the implied IND approval from the FDA and the IND approval from the NMPA for conducting Phase I and Phase II clinical trials of TY-0540 for the treatment of advanced solid tumors in June 2023 and September 2023, respectively. We are currently conducting a Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors in China, and expect to commence Phase Ib clinical trial in the first quarter of 2025.

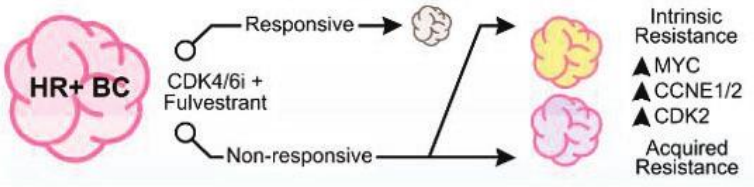
Mechanism of Action

Research highlighted that inhibiting CDK4/6 activity triggers an increase in cyclin E amplification and the activation of MYC gene. This upregulation activates CDK2, which forms a compensatory pathway by phosphorylating Rb, releasing E2F, and fueling tumor cell proliferation. This mechanism significantly contributes to acquired resistance to CDK4/6 inhibitors. Cyclin E overexpression drives tumor cells to resist the inhibitory effect of CDK4/6, preventing them from remaining in the G1 phase. Studies suggest that patients with elevated cyclin E expression are insensitive to CDK4/6 inhibitors, experiencing significantly shorter progression-free survival. This mechanism has been confirmed in CDK4/6-resistant cell lines. Achieving prolonged efficacy necessitates the inhibition of both CDK4 and CDK2, leading to the emergence of CDK2/4/6 inhibitors as a novel therapeutic avenue to curb cancer cell proliferation.

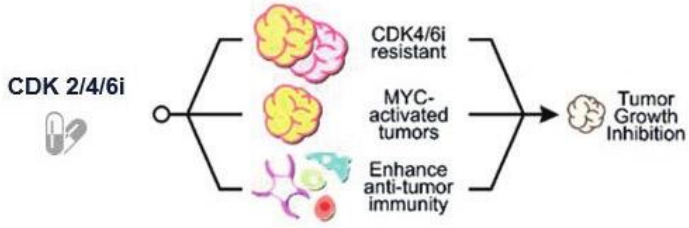
Tumorigenesis



CDK4/6i Therapy



CDK2/4/6i Therapeutic Opportunities



Source: Literature Review.

Studies in breast cancer cells have revealed that CDK4/6 activity is modulated by the cell cycle protein D. The active CDK4/6-cell cycle protein D complex phosphorylates Rb proteins, releasing the transcription factor E2F. This cascade enables the transcription of numerous genes, facilitating the cell's entry into the S-phase, thereby propelling cell cycle progression. Clinical investigations have verified the benefits of CDK4/6 inhibitors in hormone receptor-positive, HER2 receptor-negative breast cancer.

Despite the transformative impact of CDK4/6 inhibitors on HR+/HER2– breast cancer treatment, significant challenges persist, notably primary and acquired resistance. Approximately 20% of patients exhibit primary resistance to CDK4/6 inhibitors, rendering initial therapy ineffective, while others develop resistance within approximately 25 months. For instance, in the PALOMA-2 study, over 60% of patients experienced disease progression within 40 months when treated with palbociclib in combination with letrozole. Once resistance occurs, treatment options often entail higher toxicity and limited clinical benefit, such as mammalian target of rapamycin inhibitors.

Summary of Clinical Trials

Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors by us

Trial Design. This is a Phase I, open-label study of TY-0540 in adult patients with locally advanced or metastatic solid tumors. The study enrolls participants with locally advanced or metastatic solid tumors that may include, but are not limited to ER+/HER2-BC, TNBC, ovarian cancer, SCLC and castrate-resistant prostate cancer (CRPC). Subjects will be administered TY-0540 orally twice a day in 28-day cycles. The cohorts and indications at the expansion stage will be finally decided based on the data obtained at the escalation stage.

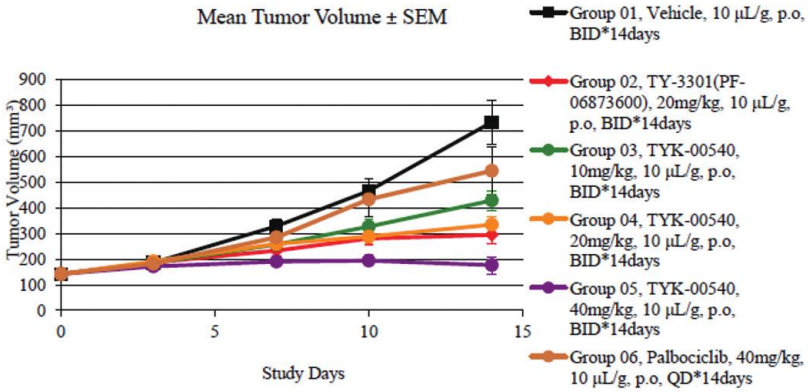
The primary objectives are to evaluate the safety and tolerability of TY-0540, and to determine the MTD and recommended dose for expansion in the escalation stage, and to assess the safety, tolerability, and clinical efficacy of TY-0540 as a single agent or in combination with endocrine therapy in patients with locally advanced or metastatic solid tumors in the expansion stage. The secondary objectives include examining the PK profile and the preliminary antitumor efficacy in the escalation phase and evaluating the safety and PK profile in the expansion phase as a single agent or in combination with endocrine therapy.

Trial Status. The Phase I study was commenced in January 2024, and is currently ongoing in China.

Summary of Preclinical Data

We conducted a preclinical study in breast cancer patient-derived xenograft (PDX) model BR5010 for investigating TY-0540's antitumor activities in human breast cancer. The study comprised six groups: a negative control (BID), positive controls of TY-3301 (PF-06873600) at 20 mg/kg (BID) and palbociclib at 40 mg/kg (QD), and treatment groups of TY-0540 at 10 mg/kg, 20 mg/kg, and 40 mg/kg (BID), over a 14-day oral gavage regimen. Each group consisted of ten mice. The findings showed that TY-0540 exhibited a dose-dependent tumor inhibitory effect, demonstrating significant tumor suppression activities at medium and high doses compared to the negative control. TY-0540 at dose of 20 mg/kg BID exhibited substantial tumor suppression. However, the control compound palbociclib at 40 mg/kg QD did not manifest any significant tumor inhibitory effects.

BR5010 Mouse Model

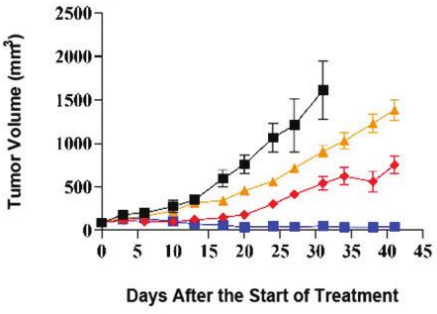


Source: Company Data

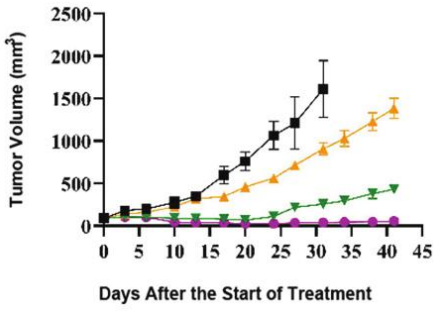
Pancreatic cancer treatment often relies on chemotherapy as a primary approach. In our research, we endeavored to investigate the impact of TY-0540 in combination with chemotherapy drugs for treating pancreatic cancer. Employing the Capan-1 CDX model, we administered albumin-paclitaxel (30 mg/kg once weekly), gemcitabine (120 mg/kg once weekly), and TY-0540 (20 mg/kg 5 times weekly, BID) as both monotherapy and in combination therapy. Each group consisted of five mice. The results showed that albumin-paclitaxel combined with TY-0540 had a significant synergistic effect and strongly inhibited tumor growth in the Capan-1 model compared to a single drug treatment. With the same results, the combination of gemcitabine and TY-0540 also showed obvious synergy, enhancing the inhibitory effect on tumor growth in our *in vivo* study.

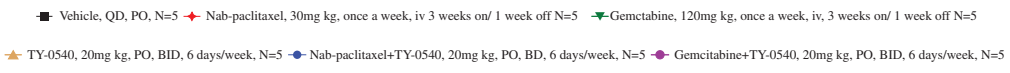
Capan-1 Mouse Model

TY-0540+Paclitaxel-albumin



TY-0540+Gemcitabine





Source: Company Data

Clinical Development Plan

We are currently conducting a Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors in China, and expect to commence Phase Ib clinical trial in the first quarter of 2025. We anticipate to commence a pivotal Phase II clinical trial in the second half of 2026.

As of the Latest Practicable Date, we had not commenced a clinical trial of TY-0540 in the U.S. and did not plan to do so within the coming six months. We will consider various options, including collaborating with reputable pharmaceutical companies, and carefully decide the commencement date of clinical trials in the U.S.

Licenses, Rights and Obligations

TY-0540 was developed by us, and we maintain the global rights to develop and commercialize this drug candidate.

Material Communications With Competent Authorities

We have not received any concerns or objections from the NMPA or the FDA related to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-0540 SUCCESSFULLY.

TY-1091 – RET Inhibitor

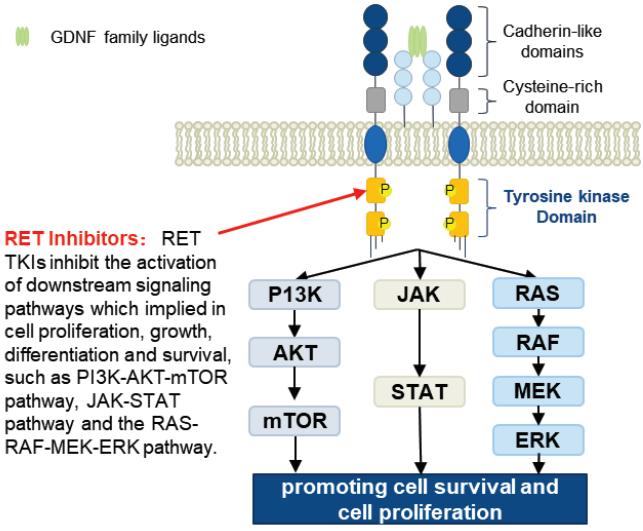
TY-1091 is a potent and selective RET inhibitor. It is intended for the treatment of advanced NSCLC with RET gene fusion, advanced MTC with RET gene mutation and other advanced solid tumors with RET gene alterations. It can inhibit more RET mutation/fusion sites comparing to pralsetinib and selpercatinib, and has significant inhibitory effects on G810S single point mutation and other mutations that display resistance to the first-generation RET inhibitors, which can potentially address the drug resistance of RET inhibitors.

In August 2022, we received the implied IND approval from the FDA for conducting Phase I and Phase II clinical trials of TY-1091 in solid tumors. In December 2022, we received the IND approval from the NMPA for conducting Phase I and Phase II clinical trials of TY-1091 as monotherapy in advanced solid tumors. We are currently conducting a Phase I clinical trial of TY-1091 in RET fusion-positive solid tumors in China.

Mechanism of Action

RET is a proto-oncogene responsible for encoding RET transmembrane proteins and is a receptor tyrosine kinase. Transmembrane proteins are divided into three parts: one end of the protein is located outside the cell, one part is located in the cell membrane, and the other end is located inside the cell. When RET protein binds to GDNF, it causes phosphorylation of RET protein receptors and activates RET. The activated RET will phosphorylate its substrate, causing activation of downstream signaling pathways.

If the RET gene undergoes oncogenic mutations, it activates downstream signaling pathways such as PI3K-AKT-mTOR pathway, JAK-STAT pathway and the RAS-RAF-MEK-ERK pathway, which would cause excessive cell growth and proliferation, thus drive tumor development. RET inhibitors can suppress the activation of the RET tyrosine kinase domain, thereby inhibiting downstream signaling pathways and playing antitumor effects.



Source: Literature Review, Frost & Sullivan Analysis

If there are fusion, point mutations, and other cancer promoting mutations, the RET protein will undergo abnormal over activation independent of ligands. For example, the common RET missense mutations in MEN2A often occur in extracellular cysteine rich domains, causing RET proteins to form homologous dimers and activate without binding to ligands. Point mutations in the RET gene may also occur in the kinase domain within cells, such as the most common M918T mutation in the MEN2B type. Activating the RET protein does not require the formation of homologous dimers, but rather promotes cancer by enhancing the affinity between the RET protein and ATP, making the activated monomers of RET more stable, and activating downstream signaling pathways.

When RET fusion occurs, although the extracellular domain of the RET gene is lost, companion genes such as KIF5B and CCDC6 often carry a coiled helical domain, which induces homologous dimerization in new proteins, thereby enabling the RET kinase domain to continuously activate cancer promotion without relying on ligands. RET TKIs are effective treatments for cancers harboring RET mutations.

Summary of Clinical Trials

Phase I/II clinical trial of TY-1091 as monotherapy in advanced solid cancers by us

Trial Design. This is an open-label Phase I/II clinical study to evaluate the safety, tolerability, PK, and efficacy of TY-1091 capsules in patients with advanced solid tumors. This trial is now being conducted in China. We expect to enroll patients with RET fusion-positive advanced NSCLC, RET mutation-positive advanced MTC, and other advanced solid tumors with RET alterations. TY-1091 will be administered orally once daily at 50 mg or be administered orally once or twice daily at 100 mg or based on the dose group in which the patient was enrolled every 21 days as a cycle.

The primary objective is to evaluate the safety and tolerability of TY-1091 and to determine the MTD and RP2D for the dose escalation phase, and to assess the efficacy of TY-1091 for the dose expansion phase. The secondary objectives include examining the PK profile and the preliminary antitumor efficacy for the dose-escalation phase, and evaluating the safety and PK profile for the dose-extension phase.

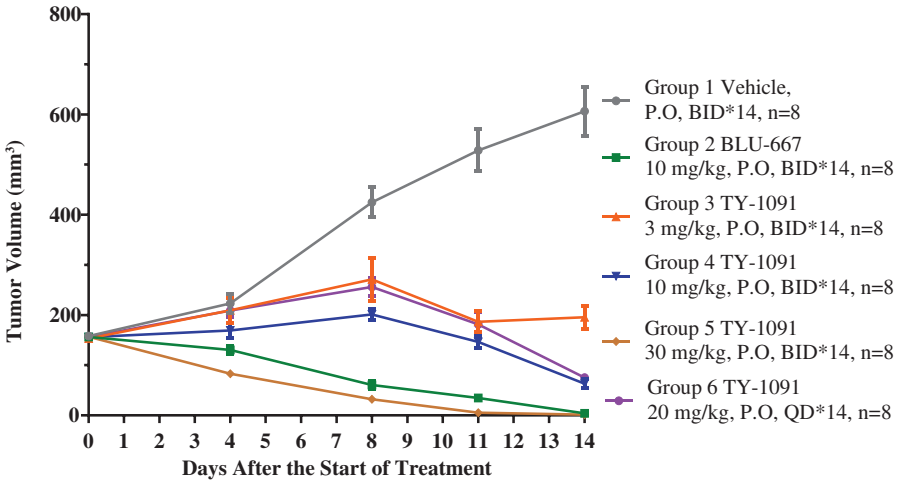
Trial Status. The Phase I study was commenced in April 2023, and is currently ongoing in China. As of the Latest Practicable Date, we had not commenced a clinical trial of TY-1091 in the U.S. and did not plan to do so within the coming six months. We will consider various options, including collaborating with reputable pharmaceutical companies, and carefully decide the commencement date of clinical trials in the U.S.

Summary of Preclinical Data

Based on our preclinical studies, TY-1091 demonstrated activity against RET fusion and key resistance mutations. While selective RET inhibitors such as cabozantinib, selpercatinib (LOXO-292), and pralsetinib (BLU-667) have received approval for treating RET-dependent NSCLC and thyroid cancer, TY-1091 has exhibited excellent potency against common RET alterations like G810S.

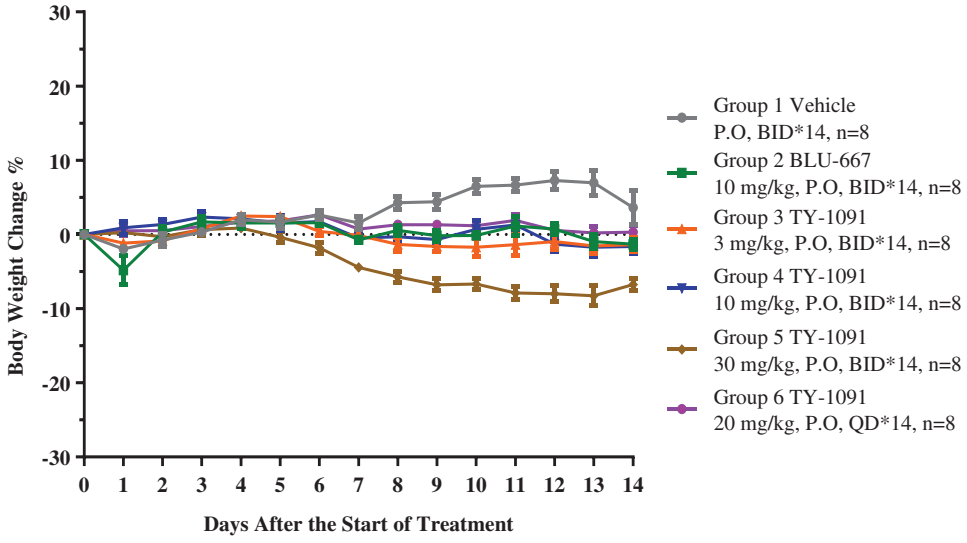
We investigated the antitumor activities of TY-1091 in the subcutaneous homograft Ba/F3-KIF5B-RET-V804L tumor mouse model. The experiment was designed with a total of six groups: the negative control (BID), the positive control of 10 mg/kg BLU-667 (BID), 3 mg/kg TY-1091 (BID), 10 mg/kg TY-1091 (BID), 30 mg/kg TY-1091 (BID), and 20 mg/kg TY-1091 (QD). Each group consisted of eight mice. In this study, the results showed that TY-1091 was well tolerated in the mouse model. It also showed significant antitumor effects against tumor at all dose groups.

Tumor Volume (mm^3) Ba/F3 KIF5B-RET-V804L



Source: Company Data

Body Weight Change (%) Ba/F3 KIF5B-RET-V804L



Source: Company Data

Licenses, Rights and Obligations

TY-1091 was developed by us, and we maintain the global rights to develop and commercialize this drug candidate.

Material Communications With Competent Authorities

We have not received any concerns or objections from the NMPA or the FDA related to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-1091 SUCCESSFULLY.

TY-4028 – Exon 20 Insertion-TKI

TY-4028 is a potent, irreversible, oral exon 20 insertion-TKI, targeting locally advanced or metastatic NSCLC with EGFR exon 20 or HER2 exon 20 insertions. It presents an innovative, targeted therapy for this specific subset of NSCLC cases. In April 2023, TY-4028 received FDA's implied approval for conducting Phase I and Phase II clinical trials in locally advanced or metastatic NSCLC. Subsequently, it obtained NMPA approval in June 2023 for the same indication. We plan to initiate a Phase I trial of TY-4028 in NSCLC with exon 20 insertion in China in December 2024.

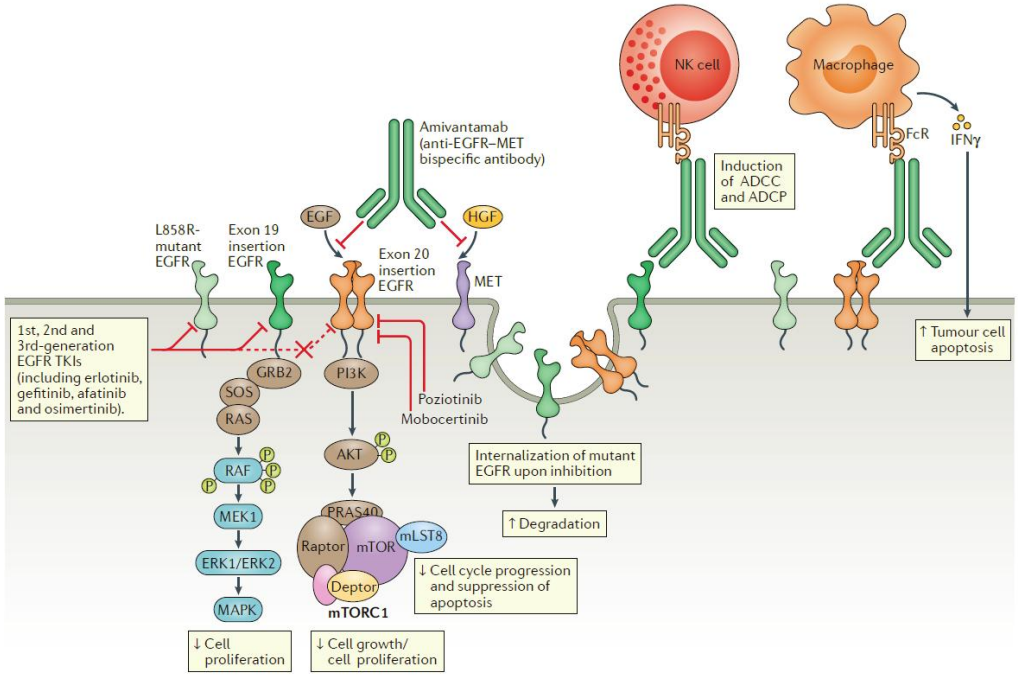
Mechanism of Action

According to Frost & Sullivan, EGFR exon 20 insertion is the third common mutation in NSCLC. Among NSCLC patients with EGFR mutations, approximately 7.7% of patients have EGFR exon 20 insertion in China. Patients with exon 20 insertions are associated with primary resistance to targeted EGFR-TKIs and correlate with a poor patient prognosis.

Exon 20 insertions are also found in HER2, which is another member of the EGFR family of receptor tyrosine kinases. HER2 mutations are present at a lower frequency (in approximately 2% of NSCLC patients) compared with EGFR mutations. Exon 20 insertion mutations are the most dominant type of HER2 aberration in NSCLC by far, representing greater than 90% of all observed HER2 mutations.

According to Frost & Sullivan, activated EGFR leads to downstream activation of proliferative pathways, including the MAPK and PI3K-AKT-mTOR signaling pathways. In cancers, predominantly NSCLC, EGFR exon 19 deletion and exon 21 L858R mutations and EGFR exon 20 insertion result in constitutive activation of these pathways and thus drive tumor development and progression.

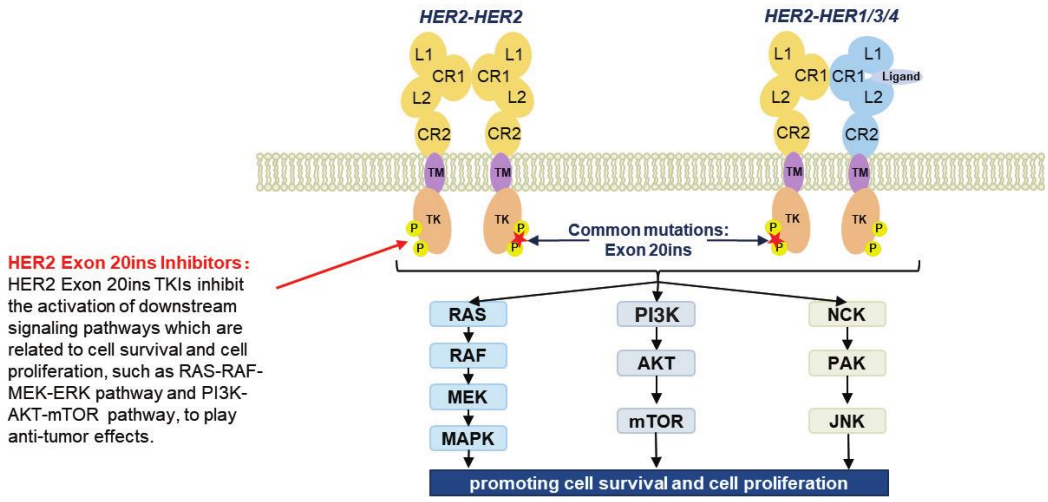
According to Frost & Sullivan, first-generation and second-generation EGFR-TKIs are effective treatments for NSCLC harboring EGFR mutations of exon 19 deletion and exon 21 L858R, and the third-generation EGFR-TKI is also active against the EGFR T790M resistance mutation that commonly arises in NSCLC with the classic activating mutations. However, these agents have limited activity against cancers harboring EGFR exon 20 insertion. EGFR exon 20 insertion-TKI with activity against EGFR with exon 20 insertions have therefore been developed. This agent might also promote antitumor immune responses against EGFR mutant cancers via induction of Fc receptor signaling and antibody dependent cellular cytotoxicity and antibody dependent cellular phagocytosis.



Source: Literature Review, Frost & Sullivan Analysis

Exon 20 insertions are also found in HER2 which is another member of ErbB receptor tyrosine kinase (RTK) family. HER2 plays a critical role in NSCLC development and progression by forming heterodimers with other HER family members (EGFR or HER1, HER2 and HER4) upon ligand binding, and activates the cytoplasmic kinase domain, which phosphorylates the receptor tail region of tyrosine. Additionally, HER2 may form homodimers when it is highly expressed. Exon 20 insertions are the most dominant type of HER2 aberration in NSCLC by far, representing greater than 90% of all observed HER2 mutations. Dysregulation of HER2 signaling is associated with HER2 amplification, overexpression, or mutation, and is a common oncogenic driver in a variety of tumors.

HER2 exon 20 insertion-TKIs can act in the tyrosine kinase domain of HER2, and inhibit the activation of downstream signaling pathways such as the RAS-RAF-MEK-ERK pathway and PI3K-AKT-mTOR pathway to exert antitumor effects.



Source: Literature Review, Frost & Sullivan Analysis

Summary of Clinical Trials

Phase I clinical trial of TY-4028 monotherapy in NSCLC with exon 20 insertion by us

Trial Design. This is a Phase I, multicenter, open-label study of TY-4028, administered orally in adult patients with locally advanced or metastatic NSCLC harboring EGFR/HER2 exon 20 insertions. We expect to enroll patients with EGFR or HER2 exon 20 mutation-positive NSCLC who cannot tolerate the first-line therapy or have progressed on or after the first-line therapy. Subjects will be administered TY-4028 capsule orally once a day in 21-day cycles.

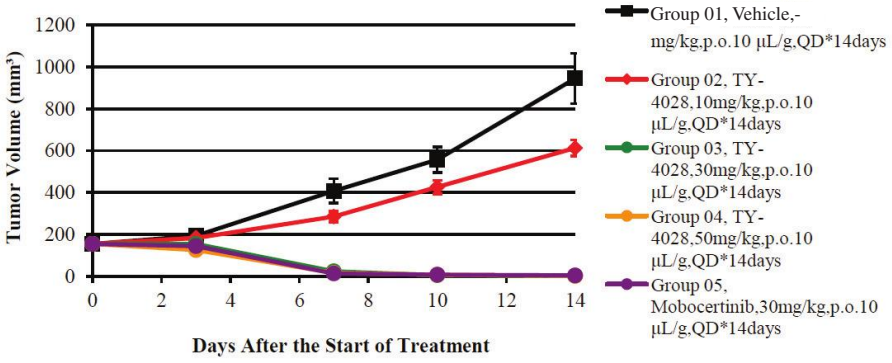
The primary objectives are to evaluate the safety and tolerability of TY-4028 and to determine the MTD and RP2D, and to assess the efficacy of TY-4028. The secondary objectives include examining the PK profile and the preliminary antitumor efficacy in the dose-escalation phase, and evaluating the safety and PK profile in the dose-expansion phase at multiple oral doses.

Trial Status. We plan to commence this Phase I clinical trial in China in December 2024. As of the Latest Practicable Date, we had not commenced a clinical trial of TY-4028 in the U.S. and did not plan to do so within the coming six months. We will consider various options, including collaborating with reputable pharmaceutical companies, and carefully decide the commencement date of clinical trials in the U.S.

Summary of Preclinical Data

Our preclinical data showed that TY-4028 has better safety data than mobocertinib. In addition, we tested the antitumor effects of TY-4028 in BALB/c nude mice inoculated with LU0387 human lung cancer (harboring EGFR 20ins). There were five treatment groups, and each group consisted of eight nude mice. The results showed that 30 mg/kg and 50 mg/kg TY-4028 exhibited significant tumor suppressive effects. The relative TGI rate was 119.25% and 119.29%, respectively.

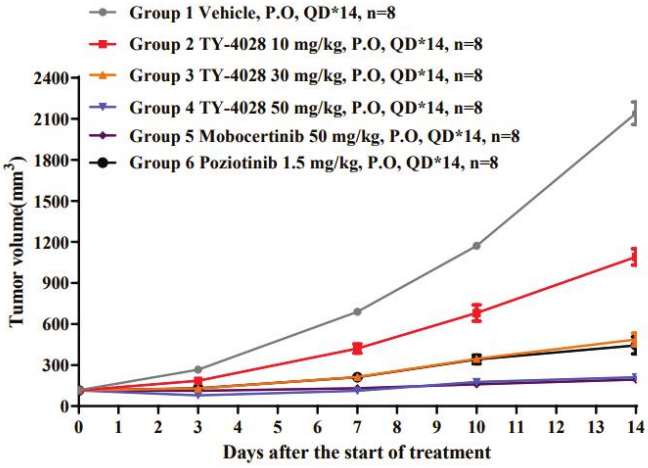
Mean Tumor Volume Change



Source: Company Data

In addition, we investigated the antitumor activity of TY-4028 in BALB/c nude mice inoculated with the Ba/F3 HER2-exon20 insYVMA cell line. There were six treatment groups, and each group consisted of eight nude mice. During the study, the tumor volume of mice that received vehicle grew rapidly. TY-4028 exhibited tumor inhibitory activity in each dose group, and 50 mg/kg dose group showed the most significant tumor growth inhibition effect, indicating that the inhibition effect of TY-4028 on the tumor was dose-dependent.

Mean Tumor Volume Change



Source: Company Data

TY-4028 had good potential to cross blood-brain barrier. The B/P ratio was above 1 after oral administration of TY-4028 in SD rats. After oral administration of TY-4028 to SD rats, the brain/plasma ratios in the midbrain of male and female rats were 1.63 and 1.04, respectively, suggesting that TY-4028 has good potential to penetrate the blood-brain barrier.

Sex	Parameter $AUC_{0\text{-}last}$ (ng•h/mL or ng•h/g)	TY-4028
Male	Plasma	55.2
	Brain	89.8
	Ratio (Brain/Plasma)	**1.63**
Female	Plasma	68.4
	Brain	71.4
	Ratio (Brain/Plasma)	**1.04**

Source: Company Data

Licenses, Rights and Obligations

TY-4028 was developed by us, and we maintain the global rights to develop and commercialize this drug candidate.

Material Communications With Competent Authorities

We have not received any concerns or objections from the NMPA or the FDA related to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TY-4028 SUCCESSFULLY.

Other Programs

TY-1054 is a small molecule, oral YAP-TEAD inhibitor developed for cancer treatment. The Hippo pathway plays an essential role in cell proliferation, tissue regeneration, and tumorigenesis, the hyperactivation of which induces metastasis, chemoresistance, and the attribute of cancer stem cells. Its dysregulation contributes to 10% of all cancers, including lung, gastric, colon, cervical, ovarian, breast, melanoma, hepatocellular and squamous cell carcinoma. The pathway is activated through binding of the YAP/TAZ complex to palmitoylated TEAD. Despite the urgent need to develop a therapeutic strategy to curb the dysregulated pathway, YAP/TAZ is difficult to be directly targeted with small molecule inhibitors, because of the lack of a catalytic niche. Therefore, targeting small molecules that block the palmitoylation of TEAD is an effective strategy. We obtained the implied approval from the FDA for conducting clinical trials of TY-1054 in solid tumors in April 2024. In addition, we submitted an IND application to the NMPA for conducting clinical trials of TY-1054 in solid tumors in April 2024, and obtained IND approval in July 2024.

TY-1210 is a small molecule, selective CDK2 inhibitor developed for cancer treatment. Although CDK4/6 inhibitors significantly improved the PFS of HR+/HER2– breast cancer, many patients unfortunately eventually relapse to CDK4/6 therapy. Studies showed that the activation of CDK2/cyclinE1 due to CCNE1 gene amplification can be the key contributor to resistance of CDK4/6 inhibitors. Thus, CDK2 inhibition represents a promising, novel therapeutic approach to treat or prevent CDK4/6 inhibitor resistance in HR+/HER2– breast cancer. It is currently in the preclinical development stage. We plan to submit IND applications to the FDA and NMPA for conducting clinical trials of TY-1210 for solid tumors.

TY-0609 is a selective CDK4 inhibitor with significant sparing of CDK6 for cancer treatment. CDK4/6 inhibitors have achieved great commercial success in HR+/HER2– breast cancer. However, the CDK4/6 inhibitors currently approved by the FDA all have on-target toxicity and cause adverse effects such as neutropenia, which could potentially limit their clinical application. CDK6 activity was demonstrated to be the primary contributor to hematological toxicity, leading to the emergence of selective CDK4 inhibitors to address the safety concerns. Our preclinical data on TY-0609 demonstrated its improved efficacy and safety profile in combating HR+ breast cancer. Moreover, its potential extends beyond breast cancer, showing indications of antitumor activities in lung, colorectal, and prostate cancers. TY-0609 is currently in the preclinical development stage. We plan to submit IND applications to the FDA and NMPA for conducting clinical trials of TY-0609 for solid tumors.

TY-3200 is a highly active, highly selective, orally available EGFR degrader. Although third-generation EGFR TKIs have achieved relatively good clinical efficacy, they are most effective against EGFR exon 19 deletion. Therefore, there is a great clinical unmet need in the areas of EGFR L858R, other EGFR mutations (such as exon 20 insertion, G719X and L747X), and third-generation EGFR TKI resistance. Data from preclinical studies of TY-3200 showed that it was highly effective in degrading proteins of EGFR L585R, and other EGFR mutations, including exon 20 insertion, G719X, L747X, exon 19 deletion/T790M/C797S, and L858R/T790M/C797S, but did not degrade wild type EGFR proteins. Currently, TY-3200 is in the preclinical development stage. We plan to submit IND applications to the FDA and NMPA for conducting clinical trials of TY-3200 for NSCLC.

COLLABORATION ARRANGEMENT

Patent Transfer Arrangement with Changzhou Runnuo and Guangzhou Boji in Relation to TY-9591

In November 2017, we entered into a patent transfer agreement ("**TY-9591 Agreement**") with Changzhou Runnuo and Guangzhou Boji ("**TY-9591 Transferors**"), both of which are Independent Third Parties. In July 2021, we entered into a supplemental agreement ("**TY-9591 Supplement**") concerning TY-9591 Agreement with the TY-9591 Transferors. Salient terms of the TY-9591 Agreement and TY-9591 Supplement are summarized as below:

Rights Transfer	The TY-9591 Transferors have agreed to transfer to us: (1) all the rights to patent application documents, (2) all the documents from the CNIPA, (3) latest annual patent fee payment receipt, and (4) any other documents related to the patent rights of TY-9591, i.e., patent No. CN104140418B.
Payments	We shall pay to the TY-9591 Transferors (1) an upfront payments in a total of RMB20 million, (2) development milestone payments, and (3) a manufacturing approval milestone payment. The first development milestone payment (namely, RMB20 million plus interest at a rate of 8% per annum accrued from January 1, 2018) becomes due upon obtaining or submission of the clinical research report of a Phase II clinical trial of TY-9591 to the NMPA, whichever is earlier. The second development milestone payment (namely, RMB20 million plus interest at a rate of 8% per annum accrued from January 1, 2018) becomes due either upon submission of the clinical research report of a Phase III clinical trial of TY-9591 to the NMPA or upon us receiving the acceptance of application for manufacturing approval of TY-9591 in the event that the NMPA agrees to waive the Phase III trial stage. The manufacturing approval milestone payment of RMB30 million shall be paid by July 30, 2021.

As of the Latest Practicable Date, we had paid the upfront payment and the manufacturing approval milestone payment in full. According to the IP Legal Adviser, since the conditions precedent for the payment of the development milestone payments have not been met, such payments have not become due. Also, according to the IP Legal Adviser, we are obligated to pay the development milestone payments upon the first indication of TY-9591 meeting the condition precedents.

According to the IP Legal Adviser, we have full control over the IP rights of TY-9591 in China, except that we need to obtain the prior consent of the TY-9591 Transferors if we decide to transfer the relevant intellectual property rights of TY-9591 to third parties.

Patent Transfer Arrangement with Tetranov Pharmaceutical in Relation to TY-302

In December 2017, we entered into a patent transfer and collaboration agreement ("**TY-302 Agreement**") with Tetranov Pharmaceutical. Salient terms of the agreement are summarized as below:

Rights Transfer	Pursuant to the TY-302 Agreement, Tetranov Pharmaceutical transferred all the relevant technologies and data related to its patent right of TY-302 to us. Pursuant to the terms of the TY-302 Agreement, we have obtained the exclusive rights to manufacture and commercialize TY-302 in China and shall assume all costs associated with the development of TY-302.
Payments	Tetranov Pharmaceutical contributed its committed capital of RMB100 million in our Company through transferring the relevant intellectual property rights of TY-302 and certain proprietary technologies to our Company.

According to the IP Legal Adviser, we have full control over the IP rights of TY-302 in China.

Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b

In August 2020, we entered into a patent transfer and technology exclusive licensing agreement ("**Livzon Agreement**") with Livzon. Salient terms of the Livzon Agreement is summarized as below:

Rights Transfer and Grant of License. . . .	• Pursuant to the Livzon Agreement, we (1) agreed to transfer all patent rights owned or controlled by us (the "**Target Patent Rights**") related to TY-2136b within the Greater China to Livzon; and (2) granted Livzon a royalty-bearing, exclusive and sublicensable license to (a) all intellectual property rights owned or controlled by us during the term of the Livzon Agreement, and (b) all know-hows owned or controlled by us before the termination or expiration of the Livzon Agreement, related to the indication and use of molecules or products in relation to TY-2136b to research, develop, improve, manufacture, use, sell, offer to sell, import and export such molecules or products within the Greater China.
	• Livzon has granted us a royalty-free, non-exclusive and non-sublicensable license of the Target Patent Rights to research and develop TY-2136b in the Greater China for the purpose of performance of our obligations under the Livzon Agreement.
Allocation of Responsibilities.	• We shall use commercially reasonable efforts to complete preclinical development of TY-2136b in the Greater China, and prepare documents necessary for submitting the IND application. Livzon is responsible for reimbursing incurred preclinical development costs, subject to an agreed cap.
	• After TY-2136b enters the clinical stage, Livzon is responsible for using commercially reasonable efforts to develop, manufacture and commercialize TY-2136b in the Greater China at its own cost. We are responsible for providing relevant pharmaceutical, clinical, and regulatory support to facilitate Livzon in obtaining marketing approvals for TY-2136b within Greater China. Other than that, we no longer assume any role or responsibility in connection with the clinical development and commercialization of TY-2136b in the Greater China.

Payments	•	We shall receive an upfront payment of RMB8 million, milestone payments up to an aggregate amount of RMB129 million, as well as sales commissions from Livzon. The milestone payments are payable upon achieving major development milestones, i.e., completing GLP toxicity research, obtaining IND approval, completing the first patient enrollment for each of the Phase I, Phase II or Phase III clinical trials, and obtaining the approval for the first indication, and receiving marketing approval for a new indication from the NMPA for TY-2136b in the Greater China. Livzon also agreed to pay tiered sales commissions of no less than 6% based on net sales of TY-2136b to us. The payment of sales commissions shall continue until the expiration date of the Target Patent Rights in May 2040, or 12 years from the date of the first commercial sale of TY-2136b in Greater China, whichever occurs earlier.
Intellectual Property Arrangements	•	Livzon shall own all inventions that are made during the performance of the Livzon Agreement. Livzon shall be responsible for applying, obtaining and maintaining the patent rights at its own cost. We shall provide the necessary assistance.
Data Cross-Referencing	•	We have granted Livzon the right to access, cross-reference and use our regulatory submissions made and approvals obtained in connection with TY-2136b outside the Greater China as well as any data included therein, free of extra charge. If we deem it necessary to access, cross-reference or use Livzon's regulatory submissions made and approvals obtained in connection with TY-2136b in the Greater China and any data included therein for the purpose of development and commercialization of TY-2136b outside the Greater China, Livzon and we will negotiate in good faith regarding the fee or profit sharing allocation.
Term and Termination .	•	Unless terminated earlier in accordance with its terms, the Livzon Agreement will remain in effect until expiration of the sales commission payment obligations. Either party is entitled to termination if there is an uncured material breach of agreement by the other party or in the event of bankruptcy of the other party.

- In addition, Livzon is entitled to terminate upon giving three months' written notice to us. According to Frost & Sullivan, it is in line with common practice for Livzon to have the option to terminate the Livzon Agreement within a reasonable notice period. In addition, according to Frost & Sullivan, due to the significant investment of time and resources made by licensees in drug development, it is not common for licensees to terminate license agreements, unless it becomes commercially unfeasible to continue. Pursuant to the Livzon Agreement, if Livzon chooses to early terminate the Livzon Agreement, all rights granted by us to Livzon under the Livzon Agreement will terminate and revert to us and we are not required to return any payments we have received from Livzon under the Livzon Agreement, while Livzon is required to transfer all clinical data of TY-2136b to us with a consideration of a pre-determined percentage of the total costs Livzon incurred for generating such clinical data. With all these clinical data, we believe that we are able to secure another licensee to take over clinical development or to proceed with clinical development independently. As such, we do not believe such termination clause will result in any material adverse impact on our business and financial operations.

- If we breach our representations and warranties made to Livzon, we shall indemnify Livzon from losses it suffered and Livzon is entitled to (i) terminate this agreement and asking us to return to Livzon 120% of all upfront, milestone and sales commissions (if any) payments that have been received by us; or (ii) continue this agreement, with sales commissions reducing to a flat low single digit and Livzon being relieved of payment obligations for any of future milestone payments.

Dispute Resolution . . . .

- Any dispute arising from or in connection with the Livzon Agreement shall be submitted to Shanghai International Arbitration Center for final resolution.

RESEARCH AND DEVELOPMENT

We consistently devote resources to research and development to pave way for long-term growth. Our research and development costs in 2022, 2023 and the three months ended March 31, 2024 amounted to RMB229.8 million, RMB249.3 million and RMB64.7 million, respectively. Our in-house R&D capabilities, built on our proprietary technology platforms, are backed by our R&D centers in Huzhou, Zhejiang and Zhengzhou, Henan. Our R&D centers are equipped with advanced laboratories and state-of-art equipment and instruments such as liquid chromatography, liquid chromatography mass spectrometer, and nuclear magnetic resonance. We believe that our integrated capabilities give us the agility to formulate our innovation, registration, commercialization and product optimization strategies that can navigate us through rapidly changing market needs, enable us to improve pipeline viability and expedite the product development cycle at a lower cost.

R&D Platforms

Our fully-integrated platforms encompass all the key functionalities for developing small molecule drugs, and enable us to identify and address potential clinical and manufacturing issues early in the development process so we can direct our efforts towards candidates with the best potential to become clinically active, cost-effective and commercially viable drugs. Our core platforms can be categorized into new drug design and screening platform, druggability evaluation platform, translational medicine platform, and CADD/AIDD platform. Our platforms are integrated to support key drug development functionalities, including new drug discovery and design, validation for preclinical candidate, and CMC. We have the expertise and capability to independently complete the entire drug development process from drug discovery to preclinical research to clinical development and to NDA/BLA application.

Drug Design and Screening Platform

Our drug design and screening platform is a small molecule drug discovery platform, currently focusing on kinase. This platform comprises two important functions: kinase biology and small molecule drug discovery. We operate a molecular physicochemical biology laboratory sprawling over 2,500 square meters in Huzhou, Zhejiang Province. It is led by a team with over 80% of the team members holding master's or above degrees. The lab curated a repository of approximately 250 cryopreserved human tumor cell lines sourced from ATCC and other institutions, spanning across 20 different cancer types. The laboratory enables comprehensive evaluations of kinase inhibitor physicochemical characteristics from diverse angles by conducting compound kinase activity tests, *in vitro* and *in vivo* cell activity tests, signaling pathway evaluations, gene expression assessments, cell cycle and apoptosis analyses, among others.

In addition, for the pharmaceutical synthesis of small molecules, we house a pharmaceutical laboratory equipped with over 100 experimental fume hoods and an array of testing equipment. This setup provides robust support for synthesizing small molecules, facilitating efficient synthesis and successful completion of our medicinal chemistry projects. Notably, all projects except TY-9591 and TY-302 are conceived and synthesized within this platform.

Druggability Evaluation Platform

Equipped with a drugability evaluation platform, we are capable to conduct a wide range of R&D activities in-house, including DMPK studies, *in vitro* and *in vivo* bioactivity studies (including animal modeling), toxicity studies, physicochemical characterization, and CMC of drug candidates. We have built approximately 60 different mouse CDX tumor models, including breast cancer, liver cancer, and lung cancer, which can be used to carry out the pharmacodynamic evaluation of kinase inhibitors to evaluate the activity of drug candidates against their targeted kinases in different mouse tumor models *in vivo*. Therefore, we are capable of comprehensively evaluating the efficacy of our drug candidates including kinase inhibitors in our in-house laboratory.

We have a drug metabolism analysis laboratory for studying how an animal's body processes and breaks down drugs after the administration with an area of more than 1,000 square meters and an animal laboratory with an area of 350 square meters in Huzhou, Zhejiang Province. These laboratories are capable of performing all key studies for druggability evaluation, including PPB analysis of kinase inhibitors in different species, CYP450 enzyme function analysis and liver microsomal stability analysis, DMPK analysis of kinase inhibitors in mice and rats, toxicological analysis and toxicity analysis for studying how harmful a drug might be to an animal's body. The barrier area of the animal laboratory is 239 square meters, with a mouse operation room, a rat operation room and a nude mouse laboratory. The nude mouse laboratory is equipped with SPF grade independent ventilated cage rearing equipment, with animal laboratory construction in strict accordance with the requirements of the "Technical Code for Laboratory Animal Buildings" (《實驗動物建築技術規範》).

Translational Medicine Platform

Translational medicine advocates a two-way translational model from laboratory to clinical research, i.e. from bench to bedside, and from bedside to bench. It runs through multiple phases of new drug development, including launch of drug discovery, drug efficacy mechanism research, biomarker development, indication expansion, combination therapy exploration, individualized medical guidance, drug resistance mechanism discovery, and the opening of next-generation drug design. Translational medicine research is basically characterized by multidisciplinary cross-cooperation, and its research results are the engine of new drug research and development, providing important support for new drug research and development.

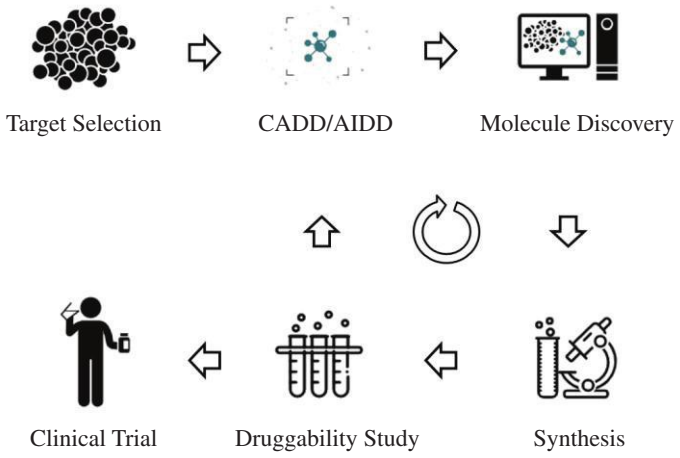
We have assembled a translational medicine team with practical experience at home and abroad, and have established a platform for biomarker development. Using genomics, transcriptomics and proteomics methods, we can systematically assess the effects of drugs on the evolution of genetic variation, expression regulation, biochemical pathways and metabolic pathways during the development of tumors or neurological diseases, systematically search for and identify potential biomarkers and drug targets, and evaluate the relationship between genetic variation, proteins, and metabolites as a function of disease prediction, diagnosis, therapeutic response and prognosis.

For example, for subjects participating in a clinical trial, human samples, such as peripheral blood, puncture samples and urine are collected at different points in the treatment, and then, based on the biological mechanism of the target and the results of preclinical studies, a suitable multi-omics testing platform is selected, and at the same time, the subject's histological or biochemical indexes are collected, together with the detailed history, such as information on treatment efficacy, drug resistance, or progression in the course of the disease, and all these information is integrated and analyzed, and the results are validated for a range of clinical applications, such as biomarker development, to find the population for whom treatment is effective and thus guide individualized medicine.

CADD/AIDD Platform

The CADD/AIDD platform is dedicated to aiding our internal drug discovery team. Internally, we employ both receptor-based and ligand-based approaches in their structure-based drug discovery, utilizing traditional computational tools and diverse modeling techniques. These methods are important in lead optimization, preclinical selection, and have integrated CADD/AIDD to streamline processes and reduce computational needs. In receptor-based drug discovery, we use a variety of modelling techniques including similarity search based on 2-D fingerprints, shape-based, pharmacophore and/or substructure. In receptor-based drug discovery, we use a variety of modelling techniques including molecular docking, virtual screening and molecular dynamics simulations. When we adopt the platform in drug design, in many cases, both approaches can be attempted in practice.

As a drug candidate enters later stages before preclinical studies, we use methods such as quantitative SAR studies and ADME/Tox prediction in ligand triage, so as to help select the proper candidate. The rather new CADD/AIDD are incorporated in the software and therefore can serve as an alternative to the traditional applications. For instance, active CADD/AIDD has been applied in quantitative SAR as well as docking-based virtual screening, to reduce the need for extensive computation.



Source: Company Data

The platform has yielded several pipeline products. TY-2136b, designed to target tyrosine kinases ROS1/NTRK, emerged during lead optimization in CADD, exhibiting strong activity and is currently in a Phase I clinical trial in China. Similarly, TY-1091, targeting RET kinase, evolved through CADD focusing on selectivity and is now in a Phase I clinical trial in China. TY-2699a, a CDK7 inhibitor, employed CADD/AIDD in compound design, highlighting the value of AIDD in identifying overlooked aspects to improve therapeutic window. TY-2699a is currently in Phase I clinical trial stage.

R&D Team

As of March 31, 2024, we had 102 members in our R&D team, around 60% of whom held master's or doctoral degrees in relevant fields. The expertise of our team members spans the entire spectrum of drug development, encompassing drug discovery, medicinal chemistry design and virtual screening, preclinical pharmaceutical research, drug testing and purification, formulation development, clinical research, regulatory submissions and platform construction. All our core R&D team members have been with the Group throughout the Track Record Period and up to the Latest Practicable Date.

Our R&D team is led by Dr. WU Yusheng, the chairperson of our Board, our executive Director and chief executive officer, who has more than 24 years of experience in biomedical research and management. Prior to co-founding the Company, Dr. Wu held prominent positions at world-renowned pharmaceutical companies, such as Schering-Plough Corporation. Dr. Wu has also been a "State Specially Recruited Expert" (國家特聘專家) as conferred by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since 2013. Dr. Wu obtained his doctor' degree in organic chemistry from Iowa State University of Science and Technology. Dr. Wu has also authored more than 120 scientific publications in leading chemistry and medicinal chemistry journals and has been granted more than 40 granted patents.

In addition to Dr. Wu, core members of our R&D team also include Dr. CHEN Shaoqing and Mr. CHEN Xiugui. Dr. Chen, our senior vice president of the medicinal chemistry department, has more than 23 years of experience in medicinal chemistry. Dr. Chen worked as a senior principal scientist at Hoffman-La Roche Inc. for more than 13 years and has served executive roles in a number of prominent listed companies such as Pharmaron, Inc. (康龍化成(北京)新藥技術股份有限公司). Dr. Chen obtained his master' degree and doctor' degree in chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所). Dr. Chen has been accredited as a "National Level Talent" (國家級人才) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) since October 2023.

Mr. CHEN Xiugui, our senior vice president of the clinical and registration department, has more than 16 years of experience in clinical development and registration of pharmaceutical products. Mr. Chen worked in prominent pharmaceutical companies such as Ascletis Pharmaceutical (Hangzhou) Co., Ltd. (世方藥業(杭州)有限公司), and Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司). While working as a clinical director of a wholly owned subsidiary of Yangtze River Pharmaceutical (Group) Co., Ltd. (揚子江藥業集團有限公司), he guided the clinical development for innovative drugs, and supervised clinical studies at various phases. During his tenure at Betta Pharmaceuticals Co., Ltd., he was involved in the clinical research of icotinib.

Dr. Wu, Dr. Chen, and Mr. Chen, being core members of our R&D team, are responsible for the initiation of new R&D programs and development of R&D plans for existing pipeline products. Dr. Wu assumes overall responsibility for our operational and R&D directives. For instance, Dr. Wu made the decision on acquiring the relevant intellectual properties rights of TY-9591 and upon TY-9591's inclusion as a pipeline product, Dr. Wu steered key development directions, such as exploring TY-9591 for treating NSCLC patients with brain metastases and modifying the trial design for advancing a registrational Phase III trial of TY-9591 in NSCLC patients with EGFR L858R mutation only.

Dr. Chen and Mr. Chen are tasked with leading and supervising all aspects of our in-house R&D activities, as well as formulating R&D plans for existing pipeline products and proposing R&D directives for initiating new programs. Since joining us in 2021, Dr. Chen has been responsible for overseeing our early drug discovery and pharmaceutical synthesis. In particular, Dr. Chen has been leading and supervising the CMC of our Core Product and Key Products. He has also led the preclinical development of all other clinical-stage products, namely, TY-2699a, TY-0540, TY-1091 and TY-4028, advancing from preclinical candidate compounds stage to obtaining IND approvals in both China and the U.S. Mr. Chen has been primarily responsible for our overall clinical development and registration affairs since joining us in 2018. Specifically, Mr. Chen built up and led a clinical development team, successfully securing IND approvals for eight drug candidates in China and six drug candidates in the U.S. He also actively communicate with regulatory authorities on clinical trial design and successfully promoted the clinical development of our Core Product to enter registrational and pivotal trials.

We have established our Scientific Committee, consisting of Dr. Wu, Dr. LI Jun and Dr. XU Wenqing. The primary duties of the scientific committee include, but are not limited to, (i) reviewing, evaluating and providing recommendations to our Board on the quality, direction and competitiveness of our R&D projects, (ii) providing recommendations to our Board on our internal and external technology projects and investments and (iii) reviewing our R&D capabilities and organizational capabilities, including product development processes. Dr. Li, our non-executive Director, worked for over 20 years as a principal scientist and program leader at Bristol-Myers Squibb Co., USA, where he was primarily responsible for new drug discovery.

Our R&D team takes a leading role in the design and management of the research projects and outsources certain daily execution tasks, such as toxicological tests, pharmacodynamic tests and clinical research coordination, to multiple CROs. Furthermore, as we did not have any in-house manufacturing facility in operation as of the Latest Practicable Date, we engage CDMOs to produce our product candidates used for R&D activities according to the requirements and specifications established by our R&D team.

Collaboration with Third Parties

In addition to conducting our core R&D activities in-house, we also engage reputable CROs to manage, conduct, and support our preclinical research and clinical trials. The services they provide under our supervision primarily include performing data management and statistical analyses, conducting site management, patient recruitment and pharmacovigilance services in our clinical trials, and carrying out laboratory tests and other tasks based on our needs. We select CROs based on various factors, such as professional qualifications, research experience in the related fields, service quality and efficiency, industry reputation, and pricing. Depending on the type of services needed, we enter into service agreements with our CROs on a project-by-project basis, which set out detailed work scope, procedures, timeline, payment schedule and so forth. We closely supervise our CROs to ensure they perform in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies.

Key terms of our agreements that we typically enter into with our CROs are set forth below.

- *Services*. The CROs provide us with services in the course of our preclinical studies and clinical trials, such as prescription research, record keeping and report preparation.

- *Term*. The CROs are required to perform their services within the prescribed time limit set out in each work order, usually on a project basis.

- *Payments*. We are required to make payments to the CROs in accordance with a payment schedule agreed by the parties.

- *Intellectual property rights*. We own all intellectual property rights arising from the projects conducted by the CROs within the stipulated work scope.

- *Confidentiality.* Our CROs are not allowed to disclose confidential information, including but not limited to, any technical materials, research reports or trial data related to the project specified in the agreement, and such obligation generally survives for five years.

For risks relating to CROs, see "Risk Factors — Risks Relating to Our Reliance on Third Parties — We work with various third parties to develop our drug candidates, such as those who help us conduct our preclinical studies and clinical trials. If these third parties 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, and our business could be materially harmed."

Regulatory Affairs

Our regulatory affairs team manages the regulatory submission process for our product candidates, which requires filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. Our regulatory affairs team is responsible for the regulatory approval process including assembling application dossiers for IND and NDA and addressing inquiries from relevant authorities.

MANUFACTURING AND CONTROL

Collaboration with Third Parties

During the Track Record Period and up to the Latest Practicable Date, we had worked with qualified CDMOs to manufacture and test drug candidates for preclinical and clinical supply. We select CDMOs by taking into account a number of factors, such as their manufacturing capacity and qualifications, relevant expertise, reputation, geographic proximity and track record, product quality and production cost, applicable regulations and guidelines, as well as our R&D objectives. We have adopted, and will continue to implement, procedures to ensure that the production qualifications, facilities and processes of our CDMOs comply with the applicable regulatory requirements and our internal guidelines and quality standards. For more information, please see "— Quality Control."

Key terms of the agreements that we typically enter into with our CDMOs are set forth below.

- *Services.* The CDMOs provide us with manufacturing services according to cGMP requirements, quality standards and prescribed time frame as set out in the agreement.

- *Quality control.* CDMOs are obliged to ensure that the quality of products meet the quality standards set out in the agreement and requirements of cGMP and other regulations, and to provide Certificate of Analysis.

- *Payments.* We are required to make payments to the CDMOs in accordance with the payment schedule set forth in the agreement, which is typically linked to the stages of the manufacturing process and the deliverables we receive.

- *Intellectual property rights.* We own all intellectual property rights arising from the outsourced manufacturing processes.

- *Confidentiality.* Our CDMOs are not allowed to disclose confidential information, including but not limited to, any technical materials, research reports or trial data related to the project specified in the agreement, and such obligation generally survive for five years.

- *Remedies for non-conforming products.* If the CDMOs fail to deliver products or comply with substantial obligations under the relevant agreement, we are entitled to terminate the agreement and request for late fees and compensation for losses due to the failure.

For risks relating to CDMOs, see "Risk Factors — Risks Relating to Our Reliance on Third Parties — We rely on third parties to manufacture our clinical drug candidates and expect to rely on third parties to manufacture our drugs when approved, and our business could be harmed if those third parties fail to provide us with sufficient quantities of the drug product or fail to do so at acceptable quality levels or prices."

Manufacturing Facility

As of the Latest Practicable Date, we did not have any in-house manufacturing facility that was operational. In anticipation of the commercialization of our TY-9591 and TY-302, we are in the process of establishing our in-house cGMP-compliant manufacturing facility in Changxing Economic Development Zone, Huzhou, Zhejiang Province, which has completed construction and is currently undergoing project acceptance checks. It is expected to commence trial operations in the first quarter of 2025, and commence commercial-scale manufacturing by the end of 2025. With a GFA of approximately 38,000 sq.m., such manufacturing facility is expected to have a designed annual production capacity of approximately 150 million tablets or capsules, including around 100 million tablets for TY-9591 and around 50 million tablets or capsules for other drug candidates.

Based on our communications with local competent authority, as of the Latest Practicable Date, we did not foresee any material impediment in obtaining the drug manufacturing license. After the commencement of manufacturing by the end of 2025, we may continue to rely on CDMOs to manufacture drug candidates or a portion of the approved drugs when necessary.

Quality Control

As of the Latest Practicable Date, our quality assurance ("**QA**") and quality control ("**QC**") department is led by a QA director and a QC manager with extensive industry experience. Our QA and QC department is responsible for overseeing the quality of our drug candidates and clinical study management, and ensuring that our suppliers deliver products in accordance with our product quality requirements and cGMP regulations through stringent supplier selection criteria, protocols specifying quality guarantees, manufacturing site monitoring and regular supplier evaluations. All of our QA and QC personnel have a college degree or above in pharmacy, biology and other related majors. In anticipation of the commercial launch of TY-9591, after we submit NDA application to the NMPA, we plan to assemble all relevant personnel from our drug discovery, formulation development, clinical research, and registration affairs teams, together with our QA and QC personnel, to develop safe, robust, and economically sound production processes for TY-9591. In addition, we will consider expanding our QA and QC department in order to ensure production safety and product quality.

In particular, the physical form of the API is kept consistent without drug polymorphism, and such physical form is reproducible with high consistency across different batches. Before the final production process of a drug is determined, we conduct a comprehensive study on the crystal form of the API, and select a process that can produce API in stable crystal form, then test producing multiple batches of drugs and check and compare drugs produced in different batches to ensure that the crystal form of the drugs remains consistent.

COMMERCIALIZATION

To capture market demand under fierce competition, we will pursue the commercialization strategy to maximize the value of our drug candidates. Considering the cost of establishing in-house sales and marketing capabilities, we do not plan to set up a full capacity commercialization team; instead, we will build a small but highly capable sales and marketing team with medical and scientific background to maximize the reach of our products and expedite market acceptance of our products in China. In addition, we may engage contract sales organizations ("**CSOs**") in China to leverage their sales and marketing expertise and well-established networks and resources. Currently, we do not have any plan to enter into any collaboration or out-licensing arrangement for TY-9591 in the near future.

Based on the expected approval timeline for TY-9591, we expect to file an NDA with NMPA for brain metastases from NSCLC in the first quarter of 2025 and an NDA for NSCLC with EGFR exon 21 L858R mutation in the second half of 2026. We plan to start building an in-house sales and marketing team ahead of the launch of TY-9591. Leveraging our accumulated expertise and industry connections and resources, our in-house team will market TY-9591 through a physician-targeted marketing strategy, focusing on direct and interactive communications with key opinion leaders and physicians to promote the clinical use of TY-9591. Such efforts are expected to commence several months prior to the commercial launch of TY-9591. We intend to identify a number of hospitals, clinics and physicians that

specialize in or famous for the treatment of NSCLC, and plan to visit the sites and physicians in person for pre-launch training and communications. We will also support leading experts to report the results of their researches at domestic conventions, symposia and other notable events to promote our brand at the forefront of the industry and to enhance the opportunities for TY-9591 to be included in the prevailing clinical guidelines of cancer treatment. We believe the academic promotional efforts will help convey the advantages of TY-9591 to clinical experts, and lead them to apply TY-9591 in the treatment of their patients in a safe and effective manner.

As we are in the early stage of preparing for future commercialization of our drug candidates, building a large in-house sales and marketing team would be time-consuming and costly, which would increase our commercial risk and distract us from our R&D efforts. Therefore, we choose to build a small-scale in-house team of approximately 15 to 20 employees in anticipation of the commercialization of TY-9591, which we believe will be sufficient for market access and patient management during the initial stage of TY-9591's commercialization. Also, a small-scale in-house team offers the advantage of promptly adjusting commercialization strategies based on market feedback, providing a more targeted approach and greater flexibility.

In response to any increase in sales demands of TY-9591 in the future, as well as the commercialization of additional drug candidates, we may further scale up our sales and marketing team, or consider exploring commercialization partnerships with recognized CSOs, such as well-known pharmaceutical companies with experience in selling oncology drugs, that can offer access to established distribution channels, recognized branding, an experienced sales force and longstanding connections with target physicians and hospitals. We have allocated 2% of the estimated net proceeds from the Global Offering (approximately HK$10.1 million) for the commercialization of TY-9591, which we expect would be sufficient to cover the relevant costs for at least the first six months since the establishment of our small-scale in-house team. We will make necessary adjustments to our commercialization budget plan based on the sales performance of TY-9591.

Pricing

When TY-9591 and our other drug candidates progress to commercialization, we will determine their prices based on a number of factors, including our costs of production, prices of competing drugs (if applicable), our technology advantages, differences in features between our drugs and competing drugs, health economics, market trends and changes in the levels of supply and demand. We plan to make a detailed pricing strategy when such drug candidates progress toward commercialization.

As of the Latest Practicable Date, there was no pricing guidance or centralized procurement requirement set by the PRC government on our drug candidates. In terms of pricing strategies for TY-9591, we plan to set a price with reference to, and not lower than, the price of osimertinib (namely, RMB4,966.2 per month). We will seek inclusion of all indications of TY-9591 into the NRDL and other reimbursement programs through active negotiations with

the relevant authorities. We strategically focused on brain metastasis from NSCLC with EGFR mutations, an area currently devoid of approved drugs, and locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation, an indication still in need of more efficient treatment, which we believe could be an advantage for TY-9591's future inclusion into the NRDL. However, inclusion into the NRDL is evaluated and determined by the relevant government authorities and we may face significant competition for successful inclusion. See "Risk Factors — Risks relating to commercialization of our drug candidates — Our drug candidates may not be covered by insurance or reimbursement programs or may become subject to unfavorable insurance policies or reimbursement practices, either of which could harm our business, and we may be subject to unfavorable pricing regulations, which could make it difficult for us to sell our drugs profitably."

INTELLECTUAL PROPERTY

Our continued success depends on our ability to obtain and maintain proprietary or intellectual property protection for our drug candidates, our core technologies and other know-how. We also have internal protocols in place to ensure that we operate without infringing, misappropriating or otherwise violating the proprietary rights of others, and to prevent others from infringing, misappropriating or otherwise violating our proprietary or intellectual property rights. We protect our proprietary and intellectual property by, among other methods, filing patent applications related to our proprietary technology, inventions and improvements. We also rely on trade secrets and know-how to develop and maintain our proprietary and intellectual property, which we generally seek to protect through contractual obligations with third parties.

As of the Latest Practicable Date, we had 24 registered trademarks and one domain name, which we consider to be material to our business. As of the Latest Practicable Date, we held 51 issued patents including 17 issued patents in China, one issued patent in the U.S., and 33 issued patents in other jurisdictions, and 136 patent applications including 41 patent applications in China, 14 patent applications in the U.S., 65 patent applications in other jurisdictions, and 16 patent applications under PCT. As of the Latest Practicable Date, for our Core Product, we held 11 issued patents including three issued patents in China, one issued patent in the U.S., and seven issued patents in other jurisdictions, and four patent applications including three patent applications in China and one patent application under PCT. The following table summarizes the details of our patents in connection with our Core Product:

	Patent Number	Patent Name	Patent Type	Patent Holder	Jurisdiction	Patent Status	Patent Expiration[1]
1 . . .	CN104140418B	2-(2,4,5-substituted anilino) pyrimidine derivatives and their uses	Invention	Our Company	China	Effective	2034-08-15

	Patent Number	Patent Name	Patent Type	Patent Holder	Jurisdiction	Patent Status	Patent Expiration[1]
2 . . .	US10882845B2	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	U.S.	Effective	2038-05-22
3 . . .	EP3647312B1	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	Switzerland	Effective	2038-05-22
4 . . .	EP3647312B1	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	German	Effective	2038-05-22
5 . . .	EP3647312B1	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	France	Effective	2038-05-22
6 . . .	EP3647312B1	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	England	Effective	2038-05-22
7 . . .	EP3647312B1	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	Spanish	Effective	2038-05-22
8 . . .	EP3647312B1	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	Italy	Effective	2038-05-22

	Patent Number	Patent Name	Patent Type	Patent Holder	Jurisdiction	Patent Status	Patent Expiration[1]
9 . . .	JP6971390B2	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	Japan	Effective	2038-05-22
10 . .	CN110950847B	New crystal form of deuterated AZD9291 and uses thereof	Invention	Our Company	China	Effective	2038-09-27
11. . .	CN110013468B	A pharmaceutical formulation of deuterated derivatives of AZD9291	Invention	Our Company	China	Effective	2038-01-09

Note:

(1) Patent expiration does not include any applicable patent term extensions.

The following table summarizes the details of our patent applications in connection with our Core Product:

	Patent Application Number	Patent Name	Patent Type	Patent Applicant	Jurisdiction	Patent Application Date	Patent Status
1 . . .	2018104956987	Crystal form of deuterated AZD9291, preparation method therefor, and use thereof	Invention	Our Company	China	2018-05-22	Pending
2 . . .	PCT/CN2023/128683	A pharmaceutical composition of a pyrimidine derivative	Invention	Our Company	PCT	2023-10-31	Pending
3 . . .	2023114423871	A pharmaceutical composition of a pyrimidine derivative	Invention	Our Company	China	2023-10-31	Pending

	Patent Application Number	Patent Name	Patent Type	Patent Applicant	Jurisdiction	Patent Application Date	Patent Status
4 . . .	2024105828924	Epidermal growth factor receptor tyrosine kinase inhibitor for treating EGFR-sensitive mutation positive non-small cell lung cancer with brain metastasis	Invention	Our Company	China	2024-05-11	Pending

As advised by our IP Legal Adviser, our pending patent applications for Core Product TY-9591 are considered ancillary compared to the issued patent which is directed to its chemical compound. Therefore, our IP Legal Adviser is of the view that whether these patent applications will be granted will not materially affect the fact that TY-9591 has already received sufficient patent protection through the issued patent held by us. As of the Latest Practicable Date, none of these patent applications had been finally rejected by the applicable patent offices. As of the Latest Practicable Date, except that these patent applications remained subject to the examination opinions from the CNIPA during the ordinary pendency and examination of such patent applications, there were no other circumstances to our knowledge that could prevent these patent applications from being granted. However, we cannot guarantee that additional patents for TY-9591 will be issued regarding any pending patent applications or future patent applications.

As advised by our IP Legal Adviser, we have not identified any foreseeable material risk of infringement by our Core Product against patents or patent applications of other major market players. Throughout the Track Record Period and up to the Latest Practicable Date, we have not received any complaints regarding IP rights infringement, and our product candidates have not been subject to any claims, litigations, or investigations concerning any IP issues. In addition, our IP Legal Adviser has conducted freedom to operate (FTO) analysis of TY-9591, the result of which indicates that there is no material infringement risk for us following the scheduled development and commercialization process of TY-9591 in China. FTO analysis is a patent investigation, based on a search of patent databases, which is commonly used to determine whether any existing patents cover a company's product, and whether that product would infringe any existing patents. As such, from IP perspective, we can conduct research and development and commercialization of TY-9591 without material IP infringement risks in China. However, we cannot provide any assurance that all relevant third party patents were identified or that conflicting patents will not be issued in the future. For more information, see "Risk Factors — Risks Relating to Our Intellectual Property Rights."

As of the Latest Practicable Date, for TY-302, we held one issued patent in China, and one patent application in China. The following table summarizes the details of our patent in connection with TY-302:

	Patent Number	Patent Name	Patent Type	Patent Holder	Jurisdiction	Patent Status	Patent Expiration[(1)]
1 . . .	CN104447739B	A deuterated Palbociclib derivative, preparation method therefor, and use thereof	Invention	Our Company	China	Effective	2034-11-07

Note:

(1) Patent expiration does not include any applicable patent term extensions.

The following table summarizes the details of our patent application in connection with TY-302:

	Patent Application Number	Patent Name	Patent Type	Patent Applicant	Jurisdiction	Patent Application Date	Patent Status
1 . . .	2019102110314	Crystal form of deuterated Palbociclib compounds, preparation method therefor, and use thereof	Invention	Our Company	China	2019-03-20	Pending

As of the Latest Practicable Date, for TY-2136b, we held 15 issued patents including one issued patent in China and 14 issued patents in other jurisdictions, and 10 patent applications including one patent application in China, one patent application in the U.S., seven patent applications in other jurisdictions and one patent application under PCT. The following table summarizes the details of our patents in connection with TY-2136b:

	Patent Number	Patent Name	Patent Type	Patent Holder	Jurisdiction	Patent Status	Patent Expiration[(1)]
1 . . .	CN112867717B	Compound used as kinase inhibitor and application thereof	Invention	Our Company	China	Effective	2040-05-07

	Patent Number	Patent Name	Patent Type	Patent Holder	Jurisdiction	Patent Status	Patent Expiration[1]
2 . . .	ZA202109737B	Compound used as kinase inhibitor and application thereof	Invention	Our Company	South Africa	Effective	2040-05-07
3 . . .	IN453914B	Compound used as kinase inhibitor and application thereof	Invention	Our Company	India	Effective	2040-05-07
4 . . .	CA3142088C	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Canada	Effective	2040-05-07
5 . . .	MOJ006942C	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Macau	Effective	2040-05-07
6 . . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Armenia	Effective	2040-05-07
7 . . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Azerbaijan	Effective	2040-05-07
8 . . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Belarus	Effective	2040-05-07
9 . . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Kyrgyzstan	Effective	2040-05-07
10 . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Kazakhstan	Effective	2040-05-07
11 . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Russia	Effective	2040-05-07
12 . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Tajikistan	Effective	2040-05-07
13 . .	EA045833B1	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Turkmenistan	Effective	2040-05-07
14 . .	AU2020270303B2	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Australia	Effective	2040-05-07
15 . .	JP7420403B2	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Japan	Effective	2040-05-07

Note:

(1) Patent expiration does not include any applicable patent term extensions.

The following table summarizes the details of our patent applications in connection with TY-2136b:

	Patent Application Number	Patent Name	Patent Type	Patent Applicant	Jurisdiction	Patent Application Date	Patent Status
1 . . .	17/521,153	Compound used as kinase inhibitor and application thereof	Invention	Our Company	U.S.	2020-05-07	Pending
2 . . .	10-2021-7040056	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Korean	2020-05-07	Pending
3 . . .	20802185.7	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Europe	2020-05-07	Pending
4 . . .	287908	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Israel	2020-05-07	Pending
5 . . .	11202112381V	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Singapore	2020-05-07	Pending
6 . . .	112021022255-3	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Brazil	2020-05-07	Pending
7 . . .	MX/a/2021/013576	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Mexico	2020-05-07	Pending
8 . . .	62022050752.4	Compound used as kinase inhibitor and application thereof	Invention	Our Company	Hong Kong	2020-05-07	Pending
9 . . .	PCT/CN2023/134036	Crystals, pharmaceutical compositions, preparation method therefor, and use thereof	Invention	Our Company, Zhengzhou TYK	PCT	2023-11-24	Pending

	Patent Application Number	Patent Name	Patent Type	Patent Applicant	Jurisdiction	Patent Application Date	Patent Status
10 . .	2023115904629	Crystals, pharmaceutical compositions, preparation method therefor, and use thereof	Invention	Our Company, Zhengzhou TYK	China	2023-11-24	Pending

As of the Latest Practicable Date, for our drug candidates other than TY-9591, TY-302 and TY-2136b, we held 24 issued patents including 12 issued patents in China and 12 issued patents in other jurisdictions, and 121 patent applications including 36 patent applications in China, 13 patent applications in the U.S., 58 patent applications in other jurisdictions, and 14 patent applications under PCT.

For details of our other intellectual property rights, see Appendix VII.

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent.

We rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our drug candidates and related technologies. We seek to protect our proprietary technologies and processes, in part, by entering into confidentiality arrangements with third-party contractors. We have contractual arrangements with our key employees and employees involved in research and development, pursuant to which intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. We also have established an internal policy governing the confidentiality of all company information.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceedings in respect of, and we had not received written notice of any material claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. However, there are risks if we fail to protect our intellectual property rights in the future. For risks relating to our intellectual property, see "Risk Factors — Risks Relating to Our Intellectual Property Rights."

SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of (i) suppliers of raw materials and consumables for our drug development; and (ii) third-party contractors including CROs and CDMOs.

A majority of our raw materials are widely available, and we are able to purchase them from numerous suppliers according to our product development plans. Currently, we procure raw materials, including chemicals and reagents, mainly from suppliers in China. We have established stable collaboration relationships with qualified suppliers for raw materials, which we believe have sufficient capacity to meet our demands. Nevertheless, we believe that adequate alternative sources for such supplies exist. We select our suppliers by considering their qualifications, compliance with relevant regulations and industry standards, manufacturing facilities, production quality, prices, business scale, market share, reputation, and after-service quality. During the Track Record Period, we did not experience any material disputes with suppliers, difficulties in procurement, or interruptions in our operations due to a delay in delivery of raw materials. We plan to explore opportunities to vertically integrate our supply chain to secure upstream resources and improve our profitability by investment in or partnerships with selective and qualified raw material suppliers.

See also "— Research and Development — Collaboration With Third Parties" for details on our relationships with the CROs and "— Manufacturing and Control — Collaboration With Third Parties" for details on our relationships with the CDMOs.

In 2022, 2023 and the three months ended March 31, 2024, our purchases from our five largest suppliers in each year/period during the Track Record Period in the aggregate accounted for 51.8%, 38.8% and 37.3% of our total purchases in the respective year/period, respectively, and purchases from our largest supplier in each year/period during the Track Record Period alone accounted for 20.8%, 10.0% and 9.6% of our total purchases in the respective year/period, respectively. The following table sets forth details of our five largest suppliers in each year/period during the Track Record Period.

Five Largest Suppliers for the Year Ended December 31, 2022	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Supplier A	A CRO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shanghai Stock Exchange. Its revenue in 2022 was around RMB40 billion.	CRO services mainly including toxicological tests, pharmacodynamic tests, and registration application support	2018	30 days	41,725.8	20.8
Pharmaron Inc. (康龍化成(北京)新藥技術股份有限公司) . . .	A CRO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange. Its revenue in 2022 was around RMB10 billion.	CRO services mainly including toxicological tests and registration application support	2018	30 days	22,702.9	11.3
Supplier B	A CDMO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange. Its revenue in 2022 was around RMB10 billion.	CDMO services mainly including CMC of products	2020	30 days	20,823.1	10.4

Five Largest Suppliers for the Year Ended December 31, 2022	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Bestudy Inc. (百試達(上海)醫藥科技股份有限公司)	A CRO services provider incorporated in the PRC with a registered capital of RMB30.0 million.	CRO services mainly including clinical research coordination	2018	30 days	10,521.5	5.2
JOINN Laboratories (昭衍(蘇州)新藥研究中心有限公司) . .	A CRO services provider incorporated in the PRC with a registered capital of RMB500.0 million.	CRO services mainly including toxicological tests	2021	7-20 days	8,264.2	4.1
Total					104,037.5	51.8

Five Largest Suppliers for the Year Ended December 31, 2023	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Supplier A	A CRO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shanghai Stock Exchange. Its revenue in 2022 was around RMB40 billion.	CRO services mainly including toxicological tests, pharmacodynamic tests, and registration application support	2018	30 days	19,804.1	10.0

Five Largest Suppliers for the Year Ended December 31, 2023	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Pharmaron Inc. (康龍化成(北京)新藥技術股份有限公司).	A CRO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange. Its revenue in 2022 was around RMB10 billion.	CRO services mainly including toxicological tests and registration application support	2018	30 days	17,583.3	8.9
Bestudy Inc. (百試達(上海)醫藥科技股份有限公司) . .	A CRO services provider incorporated in the PRC with a registered capital of RMB30.0 million.	CRO services mainly including clinical research coordination	2018	30 days	16,034.8	8.1
Hangzhou Neptune Star Health Pharmacy Co. (杭州海王星辰健康藥房有限公司).	A pharmaceuticals and medical devices seller incorporated in the PRC with a registered capital of RMB106.4 million.	Pharmaceuticals mainly including osimertinib	2023	5 days	14,432.3	7.3

Five Largest Suppliers for the Year Ended December 31, 2023	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Supplier C	A CRO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange. Its revenue in 2022 was around RMB7 billion.	CRO services mainly including clinical research coordination and data management	2019	30 days	8,884.2	4.5
Total					76,738.7	38.8

Five Largest Suppliers for the Three Months Ended March 31, 2024	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Bestudy Inc. (百試達(上海)醫藥科技股份有限公司) . .	A CRO services provider incorporated in the PRC with a registered capital of RMB30.0 million.	CRO services mainly including clinical research coordination	2018	30 days	5,433.4	9.6

Five Largest Suppliers for the Three Months Ended March 31, 2024	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
Supplier B	A CDMO services provider incorporated in the PRC, which is listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange. Its revenue in 2022 was around RMB10 billion.	CDMO services mainly including CMC of products	2020	30 days	4,956.7	8.8
Hangzhou Neptune Star Health Pharmacy Co. (杭州海王星辰健康藥房有限公司).	A pharmaceuticals and medical devices seller incorporated in the PRC with a registered capital of RMB106.4 million.	Pharmaceuticals mainly including osimertinib	2023	5 days	4,810.8	8.5
Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) . . .	A R&D-driven integrated pharmaceutical enterprise incorporated in the PRC, which is listed on Shanghai Stock Exchange. Its operating revenue in 2023 was around RMB1 billion.	Active pharmaceutical ingredients for TY-9591 and CDMO services mainly including CMC of products	2023	15 working days	3,043.1	5.4

Five Largest Suppliers for the Three Months Ended March 31, 2024	Suppliers' Background	Products/ Services Supplied	Commencement of Business Relationship	Credit Term	Purchase Amount	Percentage of Total Purchase
					(RMB'000)	*(%)*
PANACRO (Hefei) Pharmaceutical Technology Co., Ltd. (博納西亞(合肥)醫藥科技有限公司).	A CRO services provider incorporated in the PRC with a registered capital of around RMB10 million.	CRO services mainly including clinical research coordination	2021	30 days	2,823.5	5.0
Total.					21,067.4	37.3

To the best of knowledge of our Directors, except for Sichuan Huiyu Pharmaceutical Co., Ltd., all of our five largest suppliers in each year/period during the Track Record Period are Independent Third Parties. Except for Sichuan Huiyu Pharmaceutical Co., Ltd., none of our Directors, their respective associates nor any shareholder who, to the best 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 in each year/period during the Track Record Period.

As of the Latest Practicable Date, we have procured or plan to procure abiraterone and toremifene citrate from third-party suppliers. We believe that there is no material reliance risk relating to our purchasing from any third-party suppliers, as we believe that adequate alternative sources for such supplies exist. According to Frost & Sullivan, as of the Latest Practicable Date, twelve companies were approved to manufacture abiraterone in China, and three companies were authorized to manufacture toremifene citrate in China.

CUSTOMER

We had only one customer during the Track Record Period, namely, Livzon. For details of our collaboration with Livzon, see "Business — Collaboration Arrangement — Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b." We did not generate any revenue in the year ended December 31, 2023 and the three months ended March 31, 2024.

The following table sets forth details of our customer during the Track Record Period.

Customer for the Year Ended December 31, 2022	Customer's Background	Services	Commencement of Business Relationship	Credit Term	Revenue Contribution	Percentage of Total Revenue
					(RMB'000)	*(%)*
Livzon	a pharmaceutical company listed on Shenzhen Stock Exchange and Hong Kong Stock Exchange	Out-licensing	2020	15-30 business days	44.242	100.0
Total					44,242	100.0

To the best of knowledge of our Directors, our customer during the Track Record Period is an Independent Third Party. None of our Directors, their respective associates nor any shareholder who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in our customer during the Track Record Period.

COMPETITION

The pharmaceutical industry is evolving and highly competitive. While we believe that our research and development capabilities enable us to establish a favorable position in the industry, we encounter competition from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies and research organizations. For more information on the competitive landscape of our drug candidates, please see "Industry Overview" and "— Our Drug Candidates."

We believe the primary competitive factors in our markets are identification of potential targets, mechanisms of action and pathways for drug development, molecule screening and design capabilities, efficacy and safety of drug candidates, manufacturing efficiency and commercialization capacity. We expect the competition will become more intensive in the future as additional players enter into the segments. Any drug candidates that we successfully develop and commercialize will compete with existing drugs or any new drugs that may become available in the future. For potential impact of market competition, please see "Risk Factors — Risks Relating to the Research and Development of our Drug Candidates — We face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates."

AWARDS AND RECOGNITION

The table below sets forth the key selected awards and recognitions we have received as of the Latest Practicable Date.

Award/Project	Year	Award/Grant Authority
SRDI Small and Medium Enterprise in Zhejiang Province (浙江省專精特新中小企業)	2023	Department of Economy and Information in Zhejiang Province (浙江省經濟和信息化廳)
Provincial Enterprise Research and Development Institution (省級企業研發機構)	2023	Department of Science and Technology in Zhejiang Province (浙江省科技廳)
Foreign Expert Workstation in Zhejiang Province (浙江省外國專家工作站)	2023	Department of Science and Technology in Zhejiang Province (浙江省科技廳)
National Hi-tech Enterprise (國家高新技術企業)	2022	Department of Science and Technology, Department of Finance, Provincial Tax Bureau of State Administration of Taxation in Zhejiang Province (浙江省科技廳、浙江省財政廳、國家税務總局浙江省税務局)
Leading Innovative Team in Zhejiang Province (浙江省領軍型創新團隊)	2022	Department of Science and Technology in Zhejiang Province (浙江省科技廳)
Talent Innovation Tripod in Huzhou City (湖州市人才創新鼎)	2022	CPC Huzhou Municipal Committee Office (中共湖州市委辦公室)
Academician Workstation in Zhejiang Province (浙江省院士工作站)	2022	Academician Expert Workstation Construction Coordination Group Office in Zhejiang Province (浙江省院士專家工作站建設協調小組辦公室)
Postdoctoral Workstation in Zhejiang Province (浙江省博士後工作站)	2022	Department of Human Resources and Social Security of Zhejiang Province (浙江省人力資源和社會保障廳)

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We acknowledge our environment protection and social responsibilities and are aware of the environmental, energy, climate-related and workplace safety issues that may impact our Group's business operation. We are committed to complying with environmental, social and governance ("**ESG**") reporting requirements upon listing.

We are subject to various Environment, Health and Safety ("**EHS**") related laws and regulations in China. To ensure our compliance with applicable environmental protection, health and safety laws and regulations, we (i) have established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials wastes, and taken measures to ensure such guidelines are strictly enforced; (ii) inspect our equipment and offices regularly to identify and eliminate safety hazards; and (iii) keep health records for all employees and conduct health examinations during their time at the Company, especially for employees engaged in work involving occupational hazards.

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant PRC environmental and occupational health and safety laws and regulations in all material aspects, and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or impact on the operations of our business during the period.

Governance of Environmental and Social Matters

Our Board has overall responsibility for (i) overseeing and determining our Group's environmental, social, and climate-related risks and opportunities that impact our Group, (ii) establishing ESG related targets of our Group, (iii) adopting the ESG related policies, and (iv) reviewing our Group's performance in ESG matters.

We are subject to environmental-related and social related risks and climate-related issues. See "Risk Factors — Risks Relating to Government Regulations — We are subject to environmental protection, health and safety laws and regulations, and If we fail to comply with these laws and regulations, we could be subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business." We may adopt more ESG policies relating to social responsibility and internal governance as our Board deems fit. Our Board takes full responsibility to our ESG strategy and reporting. Our Board may assess the ESG risks and review our existing strategy, target and internal controls. Necessary improvements will be implemented to mitigate the risks. At the same time, we are committed to the sustainable growth and long-term development of the company.

In addition, we carefully evaluate and manage ESG risks along our supply chain. To be specific, we take various ESG matters into account when selecting CROs and CDMOs, including: (i) whether they implement environmental, health and safety manuals, policies and standard operating procedures; (ii) whether the welfare and care of animal involved in research are in line with international standards, such as the standard of Association for Assessment and

Accreditation of Laboratory Animal Care; (iii) whether there are bad records in ESG issues. Furthermore, we take various measures to ensure that CROs and CDMOs perform their duties regarding ESG matters in accordance with the standards of applicable laws and regulations and in consistent with our quality control processes and protocols, including requiring them to report regularly and conducting on-site inspections.

Environmental Matters

Hazardous Waste

We had not yet commercialized any of our drug candidates and did not have manufacturing facility that was operational as of the Latest Practicable Date. Our R&D activities involve the use of limited amount of hazardous and flammable materials, including chemicals and biological materials and therefore produce limited hazardous wastes. We have adopted internal policies for environmental risk prevention to ensure compliance with the requirements of the applicable national, industrial and local standards, laws, regulations and policies. In particular, we (i) store hazardous waste in special warehouse and have contracted with qualified third parties for the disposal of hazardous waste; (ii) conduct regular inspections of the special warehouse containing hazardous wastes, in order to make sure that respective containers are intact; and (iii) designate special personnel to establish a ledger to record the name, nature, source, quantity, and input and output of the waste.

To the best knowledge and belief of our Directors, we are not subject to material environmental liability risk and will not incur material compliance costs in the future.

We monitor our hazardous waste on a periodic basis and make continuous efforts in working towards the target of reducing the hazardous waste discharge. Our hazardous waste discharge levels amounted to approximately 38.1 tons, 56.6 tons and 20.8 tons in 2022, 2023 and the three months ended March 31, 2024, respectively. Hazardous waste was transferred to the waste disposal company once we accumulated considerately large amount of waste. We require operational qualification from the third-party waste disposal company in accordance with relevant governmental laws and regulations. The waste disposal company would issue written records for the transfer of hazardous wastes and we keep such records for our internal review and compliance. In 2022, 2023 and the three months ended March 31, 2024, we incurred costs in relation to hazardous waste disposal of approximately RMB0.2 million, RMB0.2 million and RMB0.1 million, respectively. We will make continuous endeavors to take measures to protect the ecological environment during our business operation, so as to minimize adverse environmental impact.

Resource Consumption

To reach our goal for sustainable development, we oversee our environmental protection performance in various aspects, such as efficiency in the use of resources and energy consumption. We monitor our electricity and water consumption levels and implement measures to improve energy efficiency and water conservation. In 2022, 2023 and the three months ended March 31, 2024, the electricity consumption expenses were approximately RMB2,614.7 thousand, RMB2,027.5 thousand and RMB395.2 thousand, respectively, with our water consumption expenses reaching approximately RMB50.9 thousand, RMB44.4 thousand and RMB8.9 thousand, respectively.

Following the ESG evaluation system standards in China and the market practice of industry pioneers, we aim to avoid or reduce the adverse impact on the environment caused by our operations and services, formulate environmental management plans to continuously improve our energy consumption efficiency and ensure all of our operations comply with governmental environment-related regulations and requirements. Our current target is to establish a comprehensive ESG governance mechanism for our Company and the historical energy consumption levels during the Track Record Period will serve as a foundation for developing more relevant energy reduction strategies and settling appropriate reduction targets for us in the future.

Greenhouse Gas Emissions

Our greenhouse gas emissions primarily consist of Scope 1, Scope 2 and Scope 3 emissions. Scope 1 emissions mainly include the direct greenhouse gas emissions from our own R&D and other facilities. Scope 2 emissions primarily include the indirect greenhouse gas emissions from our usage of purchased electricity. Scope 3 emissions mainly consist of indirect emissions outside of Scope 2 emissions that occur in our value chain. For Scope 1 greenhouse gas emissions, we generated 3.4 tons, 3.5 tons and 0.9 tons of CO_2 equivalent in 2022, 2023 and the three months ended March 31, 2024, respectively. For Scope 2 greenhouse gas emission, we generated 971.8 tons, 1,042.5 tons and 283.4 tons of CO_2 equivalent in 2022, 2023 and the three months ended March 31, 2024, respectively. For Scope 3 greenhouse gas emission, we generated 777.4 tons, 834.0 tons and 226.7 tons of CO_2 equivalent in 2022, 2023 and the three months ended March 31, 2024, respectively. In response to the target of carbon neutrality, we actively focus on reducing the greenhouse gas emissions generated during our operations.

Climate Change

In view of the nature of our business, to the best knowledge of our Directors, the climate change will not have any major impact on our business operation. In the case of extreme natural weather, we will actively respond to the relevant policies of local government, make contingency plans in addition to the life insurance contributed by our Group to ensure the safety of our staff. In the case of acute physical risks such as direct damage to assets and indirect impacts from supply chain disruption as a result of extreme weather events, we will make corresponding contingency and disaster preparedness plans, and we believe that we have the ability to deal with climate crisis. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material impact on our business operations, strategies or financial performance as a result of environmental, social and climate-related issues.

Potential transition risk may result from a lower-carbon economy, which entails climate-related regulations and policy change and reputational risk. Currently, the National Development and Reform Commission and the Ministry of Ecology and Environment have jointly issued the Opinions on Further Strengthening the Cleanup of Plastic Pollution, laying out a five-year roadmap to restrict the use, production and sale of plastic products by 2020, 2022, and 2025, respectively. Our Group will work with the suppliers to comply with such regulations, and we will monitor the scope to ensure our works meet the expectations of the regulators.

Goals, Targets and Policies

Following the ESG evaluation system standards in China and the market practice of industry pioneers, we aim to avoid or reduce the adverse impact on the environment caused by our operations, formulate environmental management plans to continuously improve our energy consumption efficiency and ensure all of our operations comply with governmental environment-related regulations and requirements.

Our Board is responsible for assessing and managing our ESG-related risks, opportunities and targets, and deliberating on the formulation of, among others, internal policies and measures, including but not limited to: (i) posting water-saving and power-saving signs at eye-catching areas in our offices to enhance our employees' awareness of environmental protection; (ii) encouraging double-side printing and electronic reports to promote a paperless office environment; (iii) using energy-saving air-conditioners and setting lowest indoor temperature in offices in summer to reduce electricity consumption; (iv) encouraging teleconferences or online meetings to reduce unnecessary travel for face-to-face meetings; and (v) requiring employees to shut down the power supply after work and assigning personnel to check manually. Our Board will review the Group's performance against the following ESG objectives on a regular basis and revise the ESG-related measures as appropriate if significant deviations from the objectives are identified. Our directors are of the view that such measures will not affect the our operation, either financially or non-financially.

With the expansion of our business and anticipated commercialization of our drug candidates, we expect our overall resource consumption and emissions to increase. We are committed to improving the environmental performance of our entire value chain, including office operations, supplier selection, raw material inflow, laboratory experiments, manufacturing process and waste management, so as to control the intensity of resource consumption and waste levels. Based on our historical energy consumption levels and average of industry peers, we have set the following specific ESG-related targets:

Strategy Theme	Target
Water and electricity consumption reduction	By the end of 2026, we strive to reduce the intensity of water and electricity consumption per employee by around 3%-5% as compared to our consumption level in 2023
Greenhouse gas emissions	By the end of 2026, we strive to reduce the intensity of greenhouse gas emissions per employee by around 3%-5% as compared to our consumption level in 2023
Hazardous waste discharge	We will continue to dispose the hazardous wastes in compliance with relevant laws and regulations

Supplier Qualification Requirements

All of our raw materials are non-heavy polluting materials. In order to further strengthen the environmental management of raw materials, as well as the management of the qualification of our third-party contractors, including CROs and CDMOs, we have taken the following measures: (i) we only collaborate with qualified and trusted suppliers, which we believe have strictly complied with relevant regulations and industry standards; we procure raw materials in compliance with the relevant environmental protection requirements and regularly evaluate our suppliers in terms of compliance with the relevant safety and environmental control requirements; and (ii) we require our suppliers to comply with applicable environmental laws and standards, and we closely supervise them to ensure they perform in a manner that complies with our protocols and applicable laws. For selection criteria of CROs and CDMOs, see "Research and Development – Collaboration with Third Parties" and "Manufacturing and Control – Collaboration with Third Parties."

Social Matters

Anti-Discrimination

We have policies on compensation and dismissal, equal opportunities and anti-discrimination. If our employees encounter any unequal discrimination, they should seek immediate assistance from either their department head, human resources department or our management team. We will immediately follow up, investigate, and, if necessary, report to the law enforcement authorities.

Work Safety

Staff Safety

We have adopted and maintained a series of procedures and measures to maintain a healthy and safe environment for our employees.

We have built a toxic hazardous chemicals warehouse and implemented unified management of toxic hazardous chemicals. Toxic hazardous chemicals should be stored only in our toxic hazardous chemical warehouse. Staff at toxic hazardous chemicals warehouse are responsible to record the types, specification and quantity of toxic hazardous chemicals stored. We will provide necessary training to staff who will use the toxic hazardous chemicals ("**Toxic Hazardous Chemicals Users**") before such person uses the toxic hazardous chemicals for the first time, to ensure the personal safety of Toxic Hazardous Chemicals Users. Any Toxic Hazardous Chemicals User shall only request necessary amount of chemicals for one-day supply. If there is any residual after use, all residual shall be returned to the warehouse for temporary storage immediately after the clinical trial. The temporary storage period is six months. After expiration of the period, our staff at toxic hazardous chemicals warehouse will send them to the third-party hazardous materials treatment plant for disposal.

Any waste generated after the use of toxic hazardous chemicals should be delivered to our toxic hazardous chemicals warehouse together with the packaging containers, which shall be disposed by qualified hazardous materials treatment institution as well. Once the clinical trial involving toxic hazardous chemicals is completed, our staff will carefully check the usage, storage and disposal record of the toxic hazardous chemicals to make sure that no toxic hazardous chemicals or related waste is lost, stolen or inappropriately stored or disposed.

We have developed a series of internal policies to reduce the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities, including but not limited to: (i) setting up special spaces and purchasing special containers to store precursor and toxic materials to ensure the safety of such materials; (ii) setting up special warehouse for the temporary storage of hazardous waste; (iii) formulating work safety guidelines, which clearly stipulate matters such as safe work procedures, accident prevention and emergency response; (iv) regularly organizing work safety and fire protection training for employees, as well as emergency evacuation drills; (v) regularly performing maintenance on facilities and equipment to ensure site safely; and (vi) requiring employees who are responsible for specific tasks, including operating low-temperature liquid nitrogen, high-temperature sterilizers, conducting animal research, and using toxic chemicals, to hold relevant qualifications and wear appropriate safety protective gear while working.

Clinical Trial Safety

In order to enhance our clinical trial safety, we have adopted a series of measures, including: (i) establishing and enforcing internal policies and procedures on clinical trial safety; (ii) regularly checking regulatory developments and updates; (iii) developing clinical trial protocols with reference to the latest regulations and guidelines on clinical trial safety; (iv) communicating with relevant employees, CDMOs and CROs on the regulatory compliance update and the enforcement of clinical trial protocols; (v) revising protocols, investigators' brochures and informed consent forms and re-evaluating the safety risks periodically; (vi) monitoring adverse events of drug candidates from literature, social media, reports and clinical trials as well as creating safety management plans and recording properly and accurately the clinical trial safety events for each clinical trial; (vii) conducting comprehensive analysis on the collected adverse events and evaluating the safety risks; and (viii) reporting serious adverse events and potential serious safety risks to regulatory authorities promptly.

EMPLOYEES

As of the Latest Practicable Date, we employed 147 full-time employees, all of whom were in China. The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date.

Function	Number of full-time employees	Percentage
Senior management	5	3.4%
Research and development	104	70.7%
General	35	23.8%
Quality control	3	2.0%
Total	**147**	**100.0%**

We also plan to develop our internal sales and marketing team preparing for the commercialization of our drug candidates in the future. We believe our ability to attract, hire, and keep quality employees is indispensable for our success. We primarily recruit employees through job websites, recruitment agencies and internal referrals, taking into account factors including work experience, education, and professional competence. We offer competitive remuneration packages based on qualifications and experience. To ensure compliance with PRC labor laws, we enter into standard individual employment agreements with our employees, covering matters such as terms, wages, bonuses, employee benefits, and grounds for termination. Our standard employment agreements also include confidentiality clauses.

We offer employees a variety of professional development opportunities and encourage a performance-driven environment. We focus on creating a culture to encourage retention and engagement. Given our emphasis on our integrated in-house research and development capabilities, we attach great importance to internal talent growth. We continually pursue progression opportunities for our staff through various internal and external training and development programs, including pre-job training, on-the-job practice, and special skills training.

As of the Latest Practicable Date, none of our employees are represented by labor unions. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with occupational health and safety laws or regulations, and had not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business.

Social Insurance and Housing Provident Fund

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident fund for their employees. During the Track Record Period, we did not make adequate social insurance and housing provident fund contributions for certain employees. Pursuant to the relevant PRC laws and regulations, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance. In addition, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident fund do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, we may be subject to an order from the relevant PRC courts for compulsory enforcement. In 2022, 2023 and the three months ended March 31, 2024, our aggregate shortfall of social insurance and housing provident fund contributions were approximately RMB2.1 million, RMB2.0 million and RMB0.8 million, respectively. We believe that the total amount of shortfall for social insurance and housing provident fund contributions during the Track Record Period would not have a material adverse effect on our business.

Moreover, considering that (i) we have obtained the credit reports issued by the People's Government of Shanghai and Zhejiang Province; (ii) the confirmations issued by Huzhou Housing Provident Fund Management Center Changxing County Branch and Zhengzhou Housing Provident Fund Management Center Airport Economy Zone Branch; and (iii) the confirmation issued by Human Resources and Social Security Bureau of Zhengzhou Airport Economy Zone (all of which are competent authorities as advised by our PRC Legal Adviser) that we had not been subject to any administrative penalties in relation to social insurance and

housing provident fund contributions during the Track Record Period, our PRC Legal Adviser is of the view that the likelihood that the competent government authorities would impose fines on us due to our failure to make full payment of the social insurance and housing provident funds during the Track Record Period is low, as long as we make the outstanding contributions and late fees, if any, within a prescribed time period upon request from the competent government authorities. See "Risk Factors — Risks Relating to Government Regulations — We face certain risks relating to laws and regulations on social insurance and housing provident fund."

During the Track Record Period, we engaged third-party human resource agencies to pay social insurance premium and housing provident funds for certain of our employees. The making of those contributions through a third-party agency, while not uncommon in China, may be viewed as not being in strict compliance with the relevant PRC laws and regulations.

Moreover, considering that we have obtained reports issued by the People's Government of Zhejiang Province and the confirmations issued by Huzhou Housing Provident Fund Management Center Changxing County Branch that we had not been subject to any administrative penalties in relation to social insurance and housing provident fund contributions during the Track Record Period, our PRC Legal Adviser is of the view that the likelihood that the competent government authorities would impose fines on us due to our arrangements with the third-party human resource agencies is low, as long as we make the outstanding contributions and late fees, if any, within a prescribed time period upon request from the competent government authorities. See "Risk Factors — Risks Relating to Government Regulations — We face certain risks relating to laws and regulations on social insurance and housing provident fund."

In addition, we have taken the following rectification measures to prevent future occurrence of such non-compliance: (i) we plan to strengthen legal compliance training to our employees to increase their awareness of the relevant PRC laws and regulations and encourage their cooperation in making payments for social insurance and housing provident funds; (ii) we have implemented and distributed to our employees an internal control policy with respect to social insurance and housing provident fund contributions in compliance with relevant PRC laws and regulations; and (iii) we plan to regularly consult external counsel to assess whether we are at risk of non-compliance with the relevant laws and regulations.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned land use rights to two parcels of land, including a parcel of land with a site area of 46,139 sq.m. used for industrial purpose and a parcel of land owned by Shanghai Yabao with a site area of 31,982.3 sq.m. We have obtained the land use right certificates for such parcels of land.

On November 10, 2022, Shanghai Yabao entered into a land grant contract (the "**Contract**") with the local authority for the land use right of a land parcel for a term of 20 years with a land premium of RMB29,200,000 (the "**Consideration**"). Pursuant of the Contract, Shanghai Yabao shall commence construction on the land parcel by July 2, 2023. On June 12, 2024, the aforementioned parties amended the Contract, which extended deadline for commencing construction to July 2, 2024.

Shanghai Yabao has made a performance guarantee deposit in the amount of RMB5,840,000 (the "**Performance Guarantee Deposit**") to the local authority, which includes a project commencement guarantee deposit of RMB1,168,000 ("**Commencement Guarantee Deposit**"). Pursuant of the Contract, if Shanghai Yabao fails to commence construction by July 2, 2024 or any other date as further agreed (the "**Commencement Deadline**"), 50% of the Commencement Guarantee Deposit (i.e. RMB584,000) will be forfeited to the local authority; if Shanghai Yabao fails to commence construction in six months after the Commencement Deadline, the other 50% of the Commencement Guarantee Deposit will be forfeited to the local authority. In addition, if Shanghai Yabao fails to commence construction in one year after the Commencement Deadline, the local authority has the right to terminate the Contract and take back the land use right, and return to Shanghai Yabao the aggregate of (i) the Consideration with respect to the remaining term of the Contract plus (ii) the remaining portion of the Performance Guarantee Deposit (namely, RMB4,672,000) together with accrued interest, after deducting an amount representing 20% of the Consideration (namely, RMB5,840,000) (the "**Potential Contractual Consequences**"). As of the Latest Practicable Date, the local authority had not requested for the forfeiture of the 50% of the Commencement Guarantee Deposit. The decision on whether and when such forfeiture will occur in the future rests with the local authority's discretion.

Pursuant to Idle Land Disposal Regulation (《閒置土地處置辦法》), the land parcel is deemed idle land if the Shanghai Yabao does not commence construction in one year after the Commencement Deadline, and information in relation of the idle land, including but not limited to the name of the holder of the land use right (i.e. Shanghai Yabao), will be published on governmental website, until the land use right is taken back by the local government. In addition, if Shanghai Yabao fails to commence construction in one year after the Commencement Deadline, the competent land and resources authority could, after obtaining approval by the local people's government, charge Shanghai Yabao an idle land fee of 20% of the Consideration, which amounts to RMB5,840,000. If the local authority does not terminate the Contract after the first anniversary of the Commencement Deadline, and in the event that Shanghai Yabao fails to commence construction within two years after the Commencement Deadline, the competent land and resources authority has the right to take back the land use right, without returning any portion of the Consideration (the "**Potential Legal Consequences**").

As advised by the PRC Legal Adviser, other than the foregoing, Shanghai Yabao is not subject to criminal or other legal consequences. As of the Latest Practicable Date, Shanghai Yabao had not commenced construction on the land parcel. In the worst case scenario, if Shanghai Yabao does not commence construction within two years after the Commencement Deadline, it may be subject to the Potential Contractual Consequences and Potential Legal Consequences, which we do not expect to cause any material adverse impact on our liquidity and working capital sufficiency in the foreseeable future.

We and an Independent Third Party entered into an equity transfer agreement dated December 18, 2023 and supplemental agreements dated March 13, 2024 and June 5, 2024 in relation to the disposal of Shanghai Yabao at the consideration of RMB34,900,000. Pursuant to the supplemental agreements, the Independent Third Party shall bear all costs associated with obtaining the permits for the construction on the aforementioned land parcel. After we obtain the approval from relevant authority for the disposal of Shanghai Yabao, the Independent Third Party shall made an initial payment of RMB10,000,000 to us (the "**Initial Payment**"), and we will proceed with the registration procedure for the equity transfer of Shanghai Yabao (the "**Registration**") with the local branch of SAMR upon receiving the Initial Payment. Additionally, within four months after completion of the Registration, the Independent Third Party shall pay us the remaining portion of the consideration, i.e., RMB24,900,000. The consideration was determined after arm's length negotiations with reference to costs incurred by Shanghai Yabao in connection with such parcel of land held by it, including the land premium paid by Shanghai Yabao. As Shanghai Yabao does not have any substantive business activities and merely held a parcel of land as disclosed above, which we no longer intend to develop for our manufacturing project, we consider that proposed disposal of Shanghai Yabao would provide an opportunity for us to realize the value of the land held by Shanghai Yabao and enable us to have more financial resources for our research and development. Further, we are in the process of establishing our in-house cGMP-compliant manufacturing facility in Changxing Economic Development Zone, Huzhou, Zhejiang Province, which has completed construction and is expected to commence trial operations in the first quarter of 2025. Therefore, the disposal is in the interest of us and the Shareholders as a whole and does not have any impact on our manufacturing plan. We intend to use the proceeds from the disposal for our clinical research and development activities.

As of the Latest Practicable Date, we had not obtained approval from relevant authority for the disposal of Shanghai Yabao. However, we do not expect to encounter any material impediment in obtaining such approval. There is no definite timetable for the approval, as it is under the relevant authority's discretion despite our amicable and frequent communication with the authority.

If we fail to obtain the approval from the relevant authority and thus fail to dispose of Shanghai Yabao, we still have available sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs (including any production costs), research and development costs, and business development and marketing expenses, for at least the next 12 months from the date of this prospectus. Therefore, we do not expect such failure to result in any material adverse impact on our business, results of operations and financial condition.

Leased Properties

As of the Latest Practicable Date, we leased four properties with an aggregate GFA of approximately 10,120.9 sq.m. in China, which were primarily used as office buildings and R&D facilities. The following table sets forth the details of our leased properties:

No.	Location	Usage	GFA	End of Lease Term
			(Approximate sq.m.)	
1.	Huzhou, Zhejiang	R&D	6,621.0	2027/09/30
2.	Shanghai	Office	980.5	2026/05/08
3.	Shanghai	Office	979.8	2025/10/31
4.	Zhengzhou, Henan	R&D	1,539.6	2026/05/31

With respect to one of our leased properties located in Zhengzhou with a GFA of 1,539.6 sq.m. which we use for R&D purpose, the property owner has not obtained property ownership certificate. According to our PRC Legal Adviser, the validity of the relevant lease agreement will not be affected, since the property owner has obtained construction planning permit for this property. Our PRC Legal Adviser has also advised that it is the property owner's responsibility to obtain the property ownership certificate, and as the lessee of this property, we will not be required by the relevant PRC authorities to pay any penalty in respect of failure to obtain property ownership certificate. However, the property owner may be required by the relevant PRC authorities to demolish the property if the property owner fails to obtain the completion and acceptance inspection certificate, which is the precedent condition to apply for property ownership certificate, and in such event, we will be forced to vacate from this property. As of the Latest Practicable Date, we had not received any notice from the property owner to vacate from this property and our use of this property had not been challenged by the relevant PRC authorities or any third parties. Even if we are required to vacate from this property, there are multiple site candidates in the vicinity of this leased property at similar rental rate, we believe we will be able to readily find comparable properties to relocate. Also, we do not expect any material disruption to our R&D activities or business operations because the functions of laboratories on this property can be easily assumed by our R&D center in Huzhou, Zhejiang. In addition, as substantially all equipment and instruments of our laboratories on this property are portable and can be disassembled and re-installed easily, we estimate that our relocation costs will not be significant and will not result in any material adverse effect on our results of operations and financial position. As a result of the foregoing, the lack of property ownership certificate for this leased property will not have a material adverse effect on our business, financial condition or results of operations. In addition, we have enhanced our internal control measures in connection with property rentals. We will require all of our lessors to provide valid property ownership certificates and other necessary documentation. Before entering into any new lease agreements, we will carefully review such relevant documents provided by the lessors to ensure that we will not inadvertently lease any property with title defects. All the lease agreements as well as the relevant documents provided by the lessors need to be approved by our legal department.

As of the Latest Practicable Date, four of our lease agreements with an aggregate GFA of 10,120.9 sq.m. had not been registered with the relevant PRC authorities primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors. As advised by our PRC Legal Adviser, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB40,000, which we believe immaterial. In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, we will continue to liaise with the lessors and try to register all the unregistered leases. Going forward, we will require all of our lessors to provide necessary documentations before we enter into lease agreements with them, and to cooperate with us in completing the registration of the lease agreements.

In the event that any of our leases expire after the end of their respective lease term, we would need to seek alternative premises and incur relocation costs. We believe that there are alternative properties at comparable rental rates available on the market, the use of which would not materially and adversely affect our business operations, and we thus do not rely on the existing leases for our business operations.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. We maintain supplementary medical insurance for our employees; and clinical trial insurance covering injury and death of any trial subject caused by serious adverse events in our clinical trials. For more details, see "Risk Factors — Risks Relating to our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources." During the Track Record Period, we had not made or been the subject of any material insurance claims.

LICENSES, PERMITS AND APPROVALS

Our PRC Legal Adviser has advised, that during the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our business operations in the PRC. We had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

The following table sets forth the details of our material licenses, permits and approvals as of the Latest Practicable Date:

License/Permit	Issuing Authority	Holder	Grant date	Expiration date
License for the Use of Experimental Animals (實驗動物使用許可證)	Science and Technology Department of Zhejiang Province (浙江省科學技術廳)	Our Company	2021-08-18	2026-08-17
Filing Certificate of Pathogenic Microbiology Laboratory of Zhejiang Province (浙江省病原微生物實驗室備案證書) . .	Health Commission of Huzhou City (湖州市衛生健康委)	Our Company	2020-02-25	No expiration date

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material claims, disputes, litigations, arbitrations, or other legal proceedings. During the same period, we were not involved in any non-compliance incidents which would, individually or in the aggregate, have a material adverse effect on our business as a whole.

We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. For risks and uncertainties relating thereto, see "Risk Factors — Risks Relating to Government Regulations."

IMPACT OF THE COVID-19

During the Track Record Period and up to the Latest Practicable Date, we had not experienced material disruptions in our operations as a result of the COVID-19 pandemic. The overall impact of the COVID-19 pandemic on our clinical activities, drug development timeline, business and results of operations has been immaterial, and especially as the COVID-19 pandemic has come under control as of the Latest Practicable Date and our Directors are of the view that it is unlikely that COVID-19 pandemic will have material adverse impact on our business going forward.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations and we recognize that risk management is critical to our success. For a discussion of various operational risks and uncertainties we face, see "Risk Factors." As such, we are committed to establishing, maintaining risk management and internal control systems that are appropriate for us, and we continuously strive to improve these systems. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- Our audit committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our Board will be responsible for (i) reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant departments in our Company; (iii) reviewing the relevant departments' reporting on key risks and providing feedbacks; and (iv) supervising the implementation of our risk management measures by the relevant departments.

- The relevant departments in our Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant (the "Internal Control Consultant") to perform certain agreed-upon procedures (the "Internal Control Review") in connection with the internal control of our Company and our major operating subsidiaries in certain aspects, including entity level control and operation control, such as sales and revenue control, procurement and payment management, fixed assets management, human resources and payroll control, and other procedures of our operations. The Internal Control Consultant performed the Internal Control Review, identified internal control deficiencies and provided recommendation accordingly. We have adopted the corresponding remediation actions to improve the effectiveness of internal control system. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us and there are no further material findings identified in the process of the follow up review. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation. Our special inspection personnel will monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the Listing.

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged external legal counsels to provide advice to our Directors and management team regarding matters relating to the Listing Rules.

- We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

- Prior to starting any project proposal for drug candidate or technology development or carrying out technological transformation, we would conduct a thorough search and analysis of public literature in accordance with our internal policy to detect potential IP disputes. We also engage external experts, such as legal advisers, when entering into collaborations to represent us with preparing and negotiating agreements.

- Regarding anti-bribery and anti-kickback, we issued anti-bribery and anti-fraud policy which included compliance training for our personnel, setting whistle-blowing system for non-compliance behavior and penalties for bribery and fraud cases.

In addition, as part of our risk management measures, we have implemented specific measures against corruption and bribery, including providing anti-corruption and anti-bribery compliance training for our Directors, Supervisors and senior management to enhance their knowledge and compliance of applicable laws and regulations. We require our employees, especially those involved in procurement and other business functions which are more susceptible to bribery and corruptions, to abide by our compliance requirements. We also have established a system of supervision that allows complaints and reports to be submitted to management regarding non-compliant behavior of our internal employees.

During the Track Record Period, we had regularly reviewed and enhanced our internal control system. We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

BOARD OF DIRECTORS

Our Board of Directors consists of 11 Directors, with two executive Directors, five non-executive Directors and four independent non-executive Directors. Our Board of Directors serves a term of three years and is responsible and has general powers for the management and conduct of our business.

The table below sets out certain information of our Directors.

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Dr. WU Yusheng (吳豫生).	60	Chairperson of our Board, executive Director and chief executive officer	November 2, 2017	November 2, 2017	Responsible for overseeing the overall management, business operation, and strategies of our Group	None
Dr. JIANG Mingyu (蔣鳴昱).	36	Executive Director, vice president, Board secretary and joint company secretary	January 17, 2024	July 16, 2019	Responsible for overseeing the investments, financing and legal matters of our Group	None
Dr. LI Jun (李鈞)	61	Non-executive Director	January 11, 2021	June 1, 2018	Responsible for providing strategic advice on the development of our Group	None
Dr. GU Eric Hong (顧虹)	58	Non-executive Director	November 2, 2017	November 2, 2017	Responsible for providing strategic advice on the development of our Group	None
Dr. MENG Xiaoying (孟曉英).	44	Non-executive Director	January 11, 2021	January 11, 2021	Responsible for providing strategic advice on the development of our Group	None

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. HE Chao (何超)	43	Non-executive Director	June 16, 2022	June 16, 2022	Responsible for providing strategic advice on the development of our Group	None
Dr. DING Zhao (丁兆)	38	Non-executive Director	January 8, 2024	January 8, 2024	Responsible for providing strategic advice on the development of our Group	None
Mr. ZHANG Senquan (張森泉) (whose former name is Mr. ZHANG Min (張敏))	47	Independent non-executive Director	January 17, 2024	January 17, 2024	Responsible for providing independent advice and judgment to our Board	None
Dr. LENG Yuting (冷瑜婷)	40	Independent non-executive Director	January 17, 2024	January 17, 2024	Responsible for providing independent advice and judgment to our Board	None
Dr. XU Wenqing (許文青)	59	Independent non-executive Director	January 17, 2024	January 17, 2024	Responsible for providing independent advice and judgment to our Board	None
Dr. SHEN Xiuhua (沈秀華)	52	Independent non-executive Director	January 17, 2024	January 17, 2024	Responsible for providing independent advice and judgment to our Board	None

Executive Directors

Dr. WU Yusheng (吳豫生), aged 60, is the chairperson of our Board, our executive Director and chief executive officer. He founded our Group in November 2017, and has served as a Director and the chief executive officer of our Company since then and was re-designated as an executive Director on January 17, 2024. He is primarily responsible for overseeing the overall management, business operation, and strategies of our Group.

Dr. Wu has more than 24 years of experience in biomedical research and management. He conducted research at California Institute of Technology. From July 1996 to February 2009, he worked at Schering-Plough Corporation, a pharmaceutical company principally engaged in new drug development with last position as senior principal scientist, where he was primarily responsible for novel drug discovery such as for thrombosis, obesity and Alzheimer's disease. From February 2011 to October 2017, he served as the chairman of the board of directors and chief executive officer at Tetranov Pharmaceutical, a company used to be primarily engaged in providing customized pharmaceutical intermediates synthesis services where he was primarily responsible for its overall operations. Since December 2020, Dr. Wu has served as an independent non-executive director of Shanghai Tenry Pharmaceutical Co., Ltd. (上海騰瑞製藥股份有限公司), a pharmaceutical company principally engaged in research, development and commercialization of biological drugs, covering chemical raw materials and oral solid preparations, with a focus on treatment of deep burn wound and chronic ulcer wound, where he has been primarily responsible for providing independent advice and judgment to the board of directors of the company.

In addition to roles in our Group, Dr. Wu is also currently an executive director at LeadMed (Zhejiang) Medical Technology Co., Ltd. (浙江藥領醫藥科技有限公司), an executive director at LeadMed (Zhengzhou) Medical Technology Co., Ltd. (鄭州藥領醫藥科技有限公司) and chairman of the board of directors of Zhejiang SynthonTech Pharmaceutical Co., Ltd. (浙江雅辰藥物科技有限公司). For further details, see "Relationship with our Controlling Shareholders – Delineation of Business" in this prospectus.

Dr. Wu obtained his bachelor's degree in organic chemistry from Zhengzhou University (鄭州大學) in Henan in July 1985. Dr. Wu further obtained his doctor's degree in organic chemistry from Iowa State University of Science and Technology in Iowa in December 1993. Dr. Wu has also authored more than 120 scientific publications in leading chemistry and medicinal chemistry journals and has been granted more than 40 granted patents.

Dr. Wu obtained various awards during his professional career, including the New Jersey Minority Award from the Plainfield and Metuchen-Edison YMCA in 2004, and the 2006 President's Award for Discovery from Schering-Plough Research Institute. Further, Dr. Wu has been a "State Specially Recruited Expert" (國家特聘專家) as conferred by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) since 2013.

Dr. JIANG Mingyu (蔣鳴昱), aged 36, is our executive Director, vice president, Board secretary and joint company secretary. He joined our Group in July 2019 as our vice president and Board secretary. He was appointed as an executive Director and joint company secretary on January 17, 2024. He is primarily responsible for overseeing the investments, financing and legal matters of our Group.

Dr. Jiang has more than 11 years of experience in audits, risk management and equity research. From October 2009 to November 2011, he worked at KPMG Huazhen LLP (畢馬威華振會計師事務所), an accounting firm. From December 2011 to January 2013, he worked at KPMG Advisory (China) Co., Ltd. (畢馬威企業諮詢(中國)有限公司), a consultancy firm. From June 2015 to March 2018, he worked at Shanghai Pudong Science & Technology Investment Co., Ltd. (上海浦東科技投資有限公司), an investment and private equity firm. From March 2018 to July 2019, he was a senior analyst at Zheshang Securities Co., Ltd. (浙商證券股份有限公司) (stock code: 601878), a securities company listed on the Shanghai Stock Exchange.

Dr. Jiang obtained his bachelor's degree in financial management from Shanghai University of International Business and Economics (上海對外經貿大學) in Shanghai in July 2009. He obtained his master's degree in global finance from Fordham University in New York in May 2014. He further obtained his doctor's degree in pharmacoeconomics at China Pharmaceutical University (中國藥科大學) in Jiangsu in June 2024.

Dr. Jiang has been certified as a financial risk manager by the Global Association of Risk Professionals since September 2012.

Non-executive Directors

Dr. LI Jun (李鈞), aged 61, is our non-executive Director. He joined our Group as our vice president and chief scientific officer in June 2018 and served as our vice president and chief scientific officer until May 2021. He has served as a Director since January 2021. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Dr. Li has over 22 years of experience in pharmaceutical research and investments. Dr. Li was a research scientist and group leader at the Institute of Materia Medica, Chinese Academy of Medical Sciences (中國醫學科學院藥物研究所), where he was involved in setting up the PRC's first doping control laboratory accredited by the International Olympic Committee. Dr. Li was a research scientist at Vion Pharmaceuticals, Inc., a biopharmaceutical company specializing in cancer treatment technologies, where he was involved in the development of the novel anti-cancer agent Triapine (currently conducting Phase III clinical trial). From September 1997, he worked for over 20 years as a principal scientist and program leader at Bristol-Myers Squibb Co., USA, a company principally engaged in the R&D and sales of pharmaceutical products, where his last position was principal scientist and where he was primarily responsible for new drug discovery, among which, one is currently undergoing Phase III clinical trial. Since June 2021, Dr. Li has been a scientific advisor engaged by HCA (Shanghai) Consulting Co., Ltd. (known as Morningside Ventures (晨興創投)).

Dr. Li obtained his bachelor's degree in applied chemistry from the University of Science and Technology of China (中國科學技術大學) in Hefei in July 1985 and his master of science from the Chinese Academy of Sciences (中國科學院) in Beijing in July 1988. Dr. Li further obtained his doctor's degree in organic chemistry from Iowa State University of Science and Technology in August 1994. Dr. Li was a post-doctoral associate at Cornell University in New York from August 1994 to July 1997.

Dr. Li co-authored over 50 peer-reviewed research papers and has been granted more than 50 U.S. or Patent Cooperation Treaty (PCT) patents. Dr. Li obtained various awards during his professional career, including the PRC "First Prize of the State Scientific and Technological Progress Award" (國家科學技術進步一等獎) from the national government of the PRC, the "Special Prize" of the China Association for Instrumental Analysis (CAIA) (中國分析測試協會特等獎獲得者), along with two "Molecule of the Year" awards and a "Chemistry Leadership Award" from Bristol Myers Squibb Co., USA.

Dr. GU Eric Hong (顧虹), aged 58, is our non-executive Director. He joined our Group in November 2017 and has served as a Director since then. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Dr. Gu has extensive experience in the pharmaceutical industry. Prior to joining our Group, he worked at Mallinckrodt Pharmaceuticals plc (formerly known as Mallinckrodt Inc.), a company engaged in R&D of drugs for autoimmune diseases and other diseases. He also worked at Zhejiang Huahai Pharmaceutical Co., Ltd. (浙江華海藥業股份有限公司) ("**Zhejiang Huahai**"), a company principally engaged in sales of active pharmaceutical ingredient ("**API**"), sales of finished drugs, technical services, and import and export. Since December 2020, he has been a director and the general manager of Shanghai Aobo Pharmtech, Inc., Ltd. (上海奧博生物醫藥技術有限公司) ("**Shanghai Aobo**"), a company primarily engaged in the production and R&D of API. He has also been the general manager of Aobo Biotechnology Hubei Co., Ltd. (奧博生物醫藥科技湖北有限公司), a subsidiary of Shanghai Aobo, since September 2022 and a director of Hubei Sai'ao BioPharm Co., Ltd. (湖北賽奧生物製藥有限公司) ("**Hubei Sai'ao**"), a joint venture of Zhejiang Huahai and Shanghai Aobo, since May 2021.

Dr. Gu obtained his bachelor's degree from Fudan University (復旦大學) in Shanghai in 1987 and he further obtained his doctor's degree in chemistry from the University of Missouri-St. Louis in Missouri in January 1996. Further, Dr. Gu obtained his master's degree in business administration from the University of Washington in Washington in July 2004. Since July 2017, he has been certified as a professor-level senior engineer in drug development by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力資源和社會保障廳).

Dr. MENG Xiaoying (孟曉英), aged 44, is our non-executive Director. She joined our Group in January 2021 and has served as a Director since then. She was re-designated as a non-executive Director on January 17, 2024. She is primarily responsible for providing strategic advice on the development of our Group.

Dr. Meng has extensive experience in investment and management. From August 2013 to February 2014, she was an investment manager at Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司), a subsidiary of Jiangsu Hi-tech Investment Group Co., Ltd. (江蘇高科技投資集團有限公司) (Govtor Capital), an equity and venture capital firm, where she was primarily responsible for project investment and management. Since February 2014, she has been a partner of Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司), an investment firm, where she has been primarily responsible for project investment and management. From December 2019 to June 2023, she was a director at BMC Medical Co., Ltd. (北京怡和嘉業醫療科技股份有限公司), a medical devices company listed on the Shenzhen Stock Exchange (stock code: 301367).

Dr. Meng obtained her bachelor's degree in biology and master's degree in botanology from Nanjing University (南京大學) in Jiangsu in June 2002 and in October 2004, respectively. She further obtained her doctor's degree in plant biology from The Pennsylvania State University in Pennsylvania in December 2010.

Mr. HE Chao (何超), aged 43, is our non-executive Director. He joined our Group in June 2022 and has served as a Director since then. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Mr. He has approximately 10 years of experience in investment and finance. From July 2011 to April 2015, he successively served as a business director, branch general manager, and partner of Kunwu Jiuding Investment Management Co., Ltd. (昆吾九鼎投資管理有限公司), an equity investment company. He has been working at Beijing Huge Capital Management Co., Ltd. (北京融辰厚紀投資管理有限公司), an equity investment company, as the general manager since July 2015 and as an executive director since February 2017 where he has been primarily responsible for overall strategy and development.

Mr. He obtained his master's degree in business administration from Peking University in Beijing in June 2011.

Dr. DING Zhao (丁兆), aged 38, is our non-executive Director. He joined our Group in January 2024 and has served as a Director since then. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Dr. Ding has more than 12 years of experience in the pharmaceutical industry. Since October 2010, Dr. Ding has served as a director and general manager, and since November 2018, as the chairman of the board of directors of Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) (stock code: 688553), a company listed on the Shanghai Stock Exchange STAR Market and principally engaged in the research and development, production and sales of biologics and chemical drugs (primarily generic drugs) for anti-tumor and other therapeutic areas, where he has been primarily responsible for the company's development and investments plans, and overall business objectives and policies.

Dr. Ding obtained his bachelor's degree in biochemistry from Imperial College London in the United Kingdom in August 2006. He further obtained his doctor's degree in pharmacology from the University of Cambridge in United Kingdom in July 2010. He has been certified as a biopharmaceutical researcher by the Sichuan Human Resources and Social Security Department (四川省人力資源和社會保障廳) since May 2017.

Independent Non-executive Directors

Mr. ZHANG Senquan (張森泉), aged 47, is our independent non-executive Director. He was appointed as an independent non-executive Director on January 17, 2024. He is responsible for providing independent advice and judgment to our Board.

Mr. Zhang has more than 20 years of experience in accounting, auditing and management. From October 1999 to October 2000, he was an auditor in the audit department of Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所). From November 2000 to February 2008, he worked at KPMG Huazhen (畢馬威華振會計師事務所) with last position as an audit senior manager. From February 2008 to November 2012, Mr. Zhang worked in the assurance department of Ernst & Young Hua Ming (安永華明會計師事務所) with last position as a partner. From March 2013 to April 2014, Mr. Zhang served as the head of the strategic development department of Goodbaby International Holdings Limited (好孩子國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1086). From May 2014 to July 2015, he served as a joint company secretary and the chief financial officer of Huazhong In-Vehicle Holdings Company Limited (華眾車載控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6830). From December 2014 to March 2017, Mr. Zhang served as an independent director of Topchoice Medical Investment Co. Inc. (通策醫療投資股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600763SH). From April 2015 to April 2018, Mr. Zhang was an independent non-executive director of Casablanca Group Limited (卡撒天嬌集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2223). From February 2016 to March 2020, he held various positions in Southwest Securities International Securities Limited (西證國際證券股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 0812), including as the head of China business department and managing director. From June 2018 to June 2021, he was an independent non-executive director of Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6188). From March 2019 to June 2020, Mr. Zhang was an independent non-executive director of Bonny International Holding Limited (博尼國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1906). From May 2019 to March 2022, Mr. Zhang previously also served as an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688488). From January 2020 to April 2023, he was an independent non-executive director of Sang Hing Holdings (International) Ltd. (生興控股(國際)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1472). Since May 2018, Mr. Zhang has served as the chief executive officer of Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司), a consulting company. Since March 2022, Mr. Zhang has served as the audit principal of Nortex (HK) CPA Limited (諾德(香港)會計師事務所有限公司). Mr. Zhang has also been a company

secretary of China General Education Group Limited (中國通才教育集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2175) since October 2020, and a company secretary of Guanze Medical Information Industry (Holding) Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2427) since September 2021.

Mr. Zhang is also currently an independent non-executive director of various companies listed on the Hong Kong Stock Exchange, including Jiande International Holdings Limited (建德國際控股有限公司) (stock code: 0865) since October 2016, Natural Food International Holding Limited (五谷磨房食品國際控股有限公司) (stock code: 1837) since November 2018, Strawbear Entertainment Group (稻草熊娛樂集團) (stock code: 2125) since December 2020 and Chenqi Technology Limited (如祺出行) (stock code: 9680) since June 2024.

Mr. Zhang obtained a bachelor's degree in investment economics from Fudan University (復旦大學) in Shanghai in July 1999. Mr. Zhang has been admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2001, as a member of the Hong Kong Institute of Certified Public Accountants since September 2011 and further admitted as a member of the American Institute of Certified Public Accountants since September 2015.

Dr. LENG Yuting (冷瑜婷), aged 40, is our independent non-executive Director. She was appointed as an independent non-executive Director on January 17, 2024. She is responsible for providing independent advice and judgment to our Board.

Dr. Leng has more than 11 years of experience in organic chemistry research and in management. From July 2011 to March 2012, Dr. Leng was a research secretary at the College of Chemistry at Zhengzhou University (鄭州大學化學學院). From April 2012 to September 2018, she served as a chemistry teacher and academic secretary at the College of Chemistry at Zhengzhou University (鄭州大學化學學院). From October 2018 to December 2019, Dr. Leng was a visiting scholar at Harvard Medical School and the Massachusetts General Hospital under the Visiting Scholar Program of the China Scholarship Council. Since April 2012, Dr. Leng has been a lecturer at the College of Chemistry at Zhengzhou University (鄭州大學化學學院), where she is primarily responsible for teaching and conducting research.

Dr. Leng obtained her bachelor's degree of science in chemistry from Zhoukou Normal University (周口師範學院) in Henan in July 2006. She further obtained her doctor's degree in organic chemistry from Zhengzhou University (鄭州大學) in Henan in July 2011. Since December 2016, she was appointed as a postdoctoral researcher in medicinal chemistry at Zhengzhou University (鄭州大學) in Henan. Since April 2012, she has been certified as an intermediate university lecturer by the Henan Provincial Department of Human Resources and Social Security (河南省人力資源和社會保障廳).

Dr. XU Wenqing (許文青), aged 59, is our independent non-executive Director. He was appointed as an independent non-executive Director on January 17, 2024. He is responsible for providing independent advice and judgment to our Board.

Dr. Xu has over 14 years of experience in teaching and academia. Prior to joining our Group, he conducted research for Harvard Medical School. From July 2009 to August 2019, Dr. Xu was a tenured full professor at the University of Washington School of Medicine. Prior to joining our Group, he was also director of the National Facility for Protein Science in Shanghai, Chinese Academy of Sciences (中國科學院國家蛋白質科學研究(上海)設施), which was involved in launching the Protein Data Bank China, an associate member of the Worldwide Protein Data Bank which manages the 3D structure archive of proteins, nucleic acids and complex assemblies. Since August 2019, he has been a tenured full professor at ShanghaiTech University (上海科技大學).

Dr. Xu obtained his doctor's degree in biology from the Massachusetts Institute of Technology in Massachusetts in September 1995. Dr. Xu received the Investigator's Award in the pathogenesis of infectious disease from the Burroughs Wellcome Fund in 2003.

Dr. SHEN Xiuhua (沈秀華), aged 52, is our independent non-executive Director. She was appointed as an independent non-executive Director on January 17, 2024. She is responsible for providing independent advice and judgment to our Board.

Dr. Shen has approximately 28 years of experience in teaching and academia. Since August 1995, Dr. Shen consecutively worked as a teaching assistant in the Department of Pathology of the School of Medicine, a lecturer, an associate professor and currently a professor in the Department of Nutrition of the School of Medicine at Shanghai Jiao Tong University (上海交通大學). From September 2007 to February 2008, she was a visiting scholar at the Division of Nutritional Sciences at Cornell University. From November 2013 to October 2014, she was a visiting scholar at Harvard University.

Dr. Shen obtained her bachelor's degree in clinical medicine (medical nutrition) and her master's degree in medicine, with a major in nutrition and food hygiene, from Shanghai Jiao Tong University (上海交通大學) in Shanghai in July 1995 and June 2001, respectively. Dr. Shen further obtained her doctor's degree in pediatrics from Shanghai Jiao Tong University (上海交通大學) in Shanghai in July 2007.

Directors' Interest in Other Businesses

Apart from interest in our Group, (i) our executive Director, Dr. Wu, also held certain interests in other businesses. For further details, see "Relationship with our Controlling Shareholders — Delineation of Business" in this prospectus; (ii) our executive Director, Dr. JIANG Mingyu (蔣鳴昱) held approximately 63.33% partnership interest in Jiaxing Tongyu Lingshun Venture Capital Enterprise (Limited Partnership) (嘉興同毓領順創業投資合夥企業(有限合夥)) ("**Jiaxing Tongyu**") as a limited partner. Jiaxing Tongyu is principally engaged in venture capital investment with total assets under management of up to approximately RMB500 million and is managed by its executive partner Jiaxing Tongyu Private Equity Fund Management Co., Ltd. (嘉興同毓私募基金管理有限公司). As of the Latest Practicable Date, Jiaxing Tongyu has only one investee company where it held approximately 1.82% equity interest. The investee company primarily focuses on provision of cell development and

separation services, which does not compete, directly or indirectly, with the business of our Group; and (iii) from time to time, our non-executive Directors may serve on the boards of and/or hold interest in their investment holding vehicles or companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

Save as disclosed above, none of our Directors has any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

General

Each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2024, and understood his/her obligations as a director of a listed issuer;

(2) save as disclosed in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in this prospectus, he/she has no interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date;

(3) save as disclosed above, he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to and as at the Latest Practicable Date;

(4) other than being a Director, none of our Directors has any relationship with any other Directors, Supervisors, senior management or substantial Shareholders of our Company; and

(5) he/she did not complete his/her education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

Save as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and

(2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

SUPERVISORY COMMITTEE

Supervisors

Our Supervisory Committee consists of three Supervisors. Pursuant to our Articles of Association, at least one-third of our Supervisors must be employee representatives selected by our employees. Except for the employee representative Supervisor, the other Supervisors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The table below sets out certain information of our Supervisors.

Name	Age	Position(s)	Date of appointment as Supervisor	Date of joining our Group	Roles and responsibilities	Relationship with Directors, other Supervisors and senior management
Dr. NIU Chengshan (牛成山).	42	Chairperson of the Supervisory Committee; employee representative Supervisor; senior director of the medicinal chemistry department	May 24, 2018	November 2, 2017	Responsible for supervising our Board and senior management	None

Name	Age	Position(s)	Date of appointment as Supervisor	Date of joining our Group	Roles and responsibilities	Relationship with Directors, other Supervisors and senior management
Dr. LIANG Apeng (梁阿朋).	42	Employee representative Supervisor; director of the medicinal chemistry department	November 2, 2017	November 2, 2017	Responsible for supervising our Board and senior management	None
Ms. SHANG Jing (尚靜)	42	Shareholder representative Supervisor	January 11, 2021	January 11, 2021	Responsible for supervising our Board and senior management	None

Dr. NIU Chengshan (牛成山), aged 42, is the chairperson of the Supervisory Committee, an employee representative Supervisor and senior director of the medicinal chemistry department of our Company. He joined our Group in November 2017 as our Director and has been re-appointed as our Supervisor since May 2018. He has been a senior director of the medicinal chemistry department of our Company since November 2020. He is primarily responsible for supervising our Board and senior management.

Dr. Niu has more than nine years of experience in pharmaceutical research. Prior to joining our Group, Dr. Niu served as the head of the new drug development department of Tetranov Pharmaceutical from March 2011 to October 2020, a company used to be primarily engaged in providing customized pharmaceutical intermediates synthesis services where he was primarily responsible for overseeing the new drug development department, which in turn was responsible for the development of all of Tetranov Pharmaceutical's pharmaceutical projects, encompassing molecular design, synthesis, patents applications and projects applications.

Dr. Niu obtained his bachelor's degree in applied chemistry from Zhengzhou University (鄭州大學) in Henan in July 2004. He further obtained his doctor's degree in organic chemistry from the Institute of Chemistry Chinese Academy of Sciences (中國科學院化學研究所) in Beijing in March 2010.

Dr. LIANG Apeng (梁阿朋), aged 42, is an employee representative Supervisor and the director of the medicinal chemistry department of our Company. He joined our Group in November 2017 as our Supervisor and has been a director of the medicinal chemistry department of our Company since June 2018. He is primarily responsible for supervising our Directors and senior management.

Dr. Liang has more than nine years of experience in medicinal chemistry industry. Prior to joining our Group, from May 2009 to May 2018, he was a deputy director in the chemistry department at Tetranov Pharmaceutical, a company used to be primarily engaged in providing customized pharmaceutical intermediates synthesis services where he was primarily responsible for medicinal chemical research, and in particular, he participated in the R&D of third generation EGFR inhibitors, BACE1 inhibitors, and antiviral drug development.

Dr. Liang obtained his bachelor's degree in environmental engineering from Shenyang University of Chemical Technology (瀋陽化工大學) in Liaoning in July 2006. He further obtained his doctor's degree in organic chemistry from Zhengzhou University (鄭州大學) in Henan in July 2016.

Ms. SHANG Jing (尚靜), aged 42, is a Supervisor of our Company. She joined our Group as a shareholder representative Supervisor in January 2021. She is primarily responsible for supervising the performance of our Directors and senior management.

Ms. Shang has approximately 18 years of experience in the finance industry. From September 2005 to January 2008, she was an investment assistant at Haifu Fund Management Co., Ltd. (海富基金管理有限公司). From February 2008 to November 2013, she was an investment director and a finance director at Shanghai Fuyuan Investment Co., Ltd. (上海復遠投資有限公司), where she was primarily responsible for investment consulting. From November 2013 to May 2016, she was a vice president at Ningbo-Fudan Innovation Center Co., Ltd. (寧波復旦創業投資有限公司), where she was primarily responsible for risk management and finance. She currently serves as an associate dean at the Research Institute of Fudan University in Ningbo (復旦大學寧波研究院), where she was primarily responsible for finance and risk control. Since June 2016, she has been a vice president at Shanghai Fu Rong Investment Co., Ltd. (上海復容投資有限公司), where she has been primarily responsible for overseeing investments.

Ms. Shang obtained her bachelor's degree in finance in investment from Fudan University (復旦大學) in Shanghai in July 2004. She further obtained her master's degree in business administration (MBA) from Fudan University (復旦大學) in Shanghai in June 2024.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Each of our Supervisors has confirmed that:

(1) save as disclosed above, he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to and as at the Latest Practicable Date;

(2) other than being a Supervisor, none of our Supervisors has any relationship with any other Directors, Supervisors, senior management or substantial Shareholders of our Company; and

(3) he/she did not complete his/her education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Save as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Supervisors that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and

(2) there is no other information relating to our Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets out certain information in respect of the senior management of our Group.

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities	Relationship with Directors, Supervisors and other senior management
Dr. WU Yusheng (吳豫生).	60	Chairperson of our Board, executive Director and chief executive officer	November 2, 2017	November 2, 2017	Responsible for the overall management, business operation, and strategies of our Group	None
Dr. CHEN Shaoqing (陳少清).	58	Senior vice president of the medicinal chemistry department	May 16, 2021	May 16, 2021	Responsible for overseeing the early drug discovery and pharmaceutical synthesis of our Group	None
Mr. CHEN Xiugui (陳修貴).	54	Senior vice president of the clinical and registration department	August 1, 2018	August 1, 2018	Responsible for the overall clinical development and registration affairs of our Group	None

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities	Relationship with Directors, Supervisors and other senior management
Dr. JIANG Mingyu (蔣鳴昱).	36	Executive Director, vice president, Board secretary and joint company secretary	July 16, 2019	July 16, 2019	Responsible for overseeing the investments, financing and legal matters of our Group	None

Dr. WU Yusheng (吳豫生) is the chairperson of our Board, executive Director and chief executive officer. For details, see "— Board of Directors — Executive Directors" in this section.

Dr. CHEN Shaoqing (陳少清), aged 58, joined our Group in May 2021 and has served as the senior vice president of the medicinal chemistry department of our Company since then. He is responsible for overseeing the early drug discovery and pharmaceutical synthesis of our Group.

Dr. Chen has more than 23 years of experience in medicinal chemistry. From September 1996 to April 1998, he was a postdoctoral fellow at The Scripps Research Institute in the U.S., where he was primarily responsible for conducting research on the development of new chemical technologies. From November 1994 to August 1996, Dr. Chen was a postdoctoral fellow at University of Pittsburgh, where he was primarily responsible for conducting research. He was a senior scientist at Vicuron Pharmaceuticals Inc., where he was primarily responsible for pharmaceutical R&D. From June 1999 to October 2012, Dr. Chen was a senior principal scientist at Hoffman-La Roche Inc., where he was primarily responsible for pharmaceutical R&D. From November 2012 to June 2013, he was an executive director at Pharmaron Inc. (康龍化成(北京)新藥技術股份有限公司), a pharmaceutical company listed on the Hong Kong Stock Exchange (stock code: 3759) and Shenzhen Stock Exchange (stock code: 300759). From July 2013 to October 2019, he was the general manager at Furen Hetero Onco Therapeutics Ltd. (輔仁藥業集團熙德隆腫瘤藥品有限公司), a pharmaceutical company, where he was primarily responsible for overseeing the daily operations of the company. From October 2019 to December 2020, he was the chief scientific officer and president of the Shanghai Research Center of KPC Pharmaceuticals, Inc. (昆藥集團股份有限公司). From December 2020 to May 2021, he was the president of the research institute at GranPharm (China) Co. Ltd. (遠大醫藥(中國)有限公司).

Dr. Chen obtained his bachelor's degree in chemistry from Nanjing University (南京大學) in Jiangsu in July 1986. He obtained his master's degree and doctor's degree in chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所) in Shanghai in May 1989 and June 1992, respectively.

Dr. Chen received the dean's scholarship excellence award from the Chinese Academy of Sciences in February 1993. He also received the 2022 innovation leading talent award under Huzhou South Taihu Elite Program from the People's Government of Huzhou City (湖州市政府). In addition, Dr. Chen has been named as a Zhejiang provincial level talent (浙江省級人才) by the People's Government of Zhejiang Province (浙江省人民政府) since 2022, and he has further been accredited as a national level talent (國家級人才) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) since October 2023.

Mr. CHEN Xiugui (陳修貴), aged 54, joined our Group in August 2018 and has served as senior vice president of the clinical and registration department of our Company since then. He is primarily responsible for the overall clinical development and registration affairs of our Group.

Mr. Chen has more than 16 years of experience in clinical development and registration of pharmaceutical products. From September 2002 to October 2011, he worked at Hangzhou Minsheng Pharmaceutical Co., Ltd. (杭州民生藥業股份有限公司), a controlling shareholder of Hangzhou Minsheng Healthcare Co., Ltd. (杭州民生健康藥業股份有限公司), a pharmaceutical company listed on the Shenzhen Stock Exchange (stock code: 301507). From November 2011 to April 2013, he worked at Ascletis Pharmaceutical (Hangzhou) Co., Ltd. (世方藥業(杭州)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1672). From July 2013 to February 2017, he worked at Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company principally engaged in the R&D, production and sales of pharmaceutical products and listed on the Shenzhen Stock Exchange (stock code: 300558), where his last held position was medical manager. From May 2017 to July 2018, he served as a clinical director of Beijing Haisha Consulting Co., Ltd. (北京海莎諮詢有限公司), which is a wholly owned subsidiary of Yangtze River Pharmaceutical (Group) Co., Ltd. (揚子江藥業集團有限公司), where he was primarily responsible for the overall clinical development.

Mr. Chen obtained his bachelor's degree in acupuncture from Jiangxi University of Chinese Medicine (江西中醫藥大學) in Jiangxi in July 1993. He obtained his master's degree in acupuncture from Shanghai University of Traditional Chinese Medicine (上海中醫藥大學) in Shanghai in July 1996.

Mr. Chen is currently qualified as an attending traditional Chinese medicine physician by the Hangzhou Personnel Bureau (杭州市人事局) since September 1999. He has been qualified as a senior engineer in new drug development by the Zhejiang Personnel Bureau (浙江省人事廳) since February 2009 and has received the practicing traditional Chinese medicine physician certificate from the Lin'an Health Bureau of Hangzhou since July 2019.

Dr. JIANG Mingyu (蔣鳴昱) is our executive Director, vice president, Board secretary and joint company secretary. For details, see "— Board of Directors — Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Dr. JIANG Mingyu (蔣鳴昱) was appointed as a joint company secretary of our Company on January 17, 2024. Dr. Jiang is also an executive Director and a member of senior management of our Company. For details, see "— Board of Directors — Executive Directors" in this section.

Ms. WONG Wing Yee (黃詠儀) was appointed as a joint company secretary of our Company on January 17, 2024. Since September 2022, Ms. Wong has been an assistant manager of corporate services of Vistra Corporate Services (HK) Limited. She has over six years of experience in the corporate services industry.

Ms. Wong has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in United Kingdom since June 2022.

Ms. Wong obtained a bachelor of arts (Chinese) from The Lingnan University in November 2015.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

The compliance adviser will inform our Company on a timely basis of any amendment or supplement to the Listing Rules and any new or amended laws and regulations in Hong Kong applicable to our Company.

The terms of the appointment shall commence on the Listing Date and end on the date which we comply with Rule 13.24 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

BOARD COMMITTEES

We have established the following committees on our Board: the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Scientific Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code. The Audit Committee consists of Mr. ZHANG Senquan (張森泉), Dr. LI Jun (李鈞) and Dr. LENG Yuting (冷瑜婷), with Mr. ZHANG Senquan (張森泉) serving as the chairperson.

The primary duties of the Audit Committee include, but are not limited to, (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, (ii) overseeing the audit process, and (iii) performing other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

Our Company has established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Dr. LENG Yuting (冷瑜婷), Dr. WU Yusheng (吳豫生) and Mr. ZHANG Senquan (張森泉), with Dr. LENG Yuting (冷瑜婷) serving as the chairperson.

The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving remuneration proposals in accordance with the corporate policies and objectives resolved by our Board.

Nomination Committee

Our Company has established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Dr. WU Yusheng (吳豫生), Mr. ZHANG Senquan (張森泉) and Dr. LENG Yuting (冷瑜婷), with Dr. WU Yusheng (吳豫生) serving as the chairperson.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board, (ii) assessing the independence of independent non-executive Directors and (iii) making recommendations to our Board on matters relating to the appointment of Directors.

Scientific Committee

Our Company has established a scientific committee consisting of Dr. WU Yusheng (吳豫生), Dr. LI Jun (李鈞) and Dr. XU Wenqing (許文青), with Dr. WU Yusheng (吳豫生) serving as the chairperson.

The primary duties of the Scientific Committee include, but are not limited to, (i) reviewing, evaluating and providing recommendations to our Board on the quality, direction and competitiveness of our Company's R&D projects, (ii) providing recommendations to our Board on our Company's internal and external technology projects and investments and (iii) reviewing our Company's R&D capabilities and organizational capabilities, including product development processes.

CORPORATE GOVERNANCE

Board Diversity

We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Our Directors have a balanced mix of knowledge and skills, including but not limited to R&D, management, finance, audits and accounting, risk management, teaching and academia. They obtained degrees in various majors including chemistry, finance, organic chemistry, business administration, biology, biochemistry, pharmacology, investment economics, and clinical medicine. Furthermore, our Board has a relatively wide range of ages, ranging from 36 years old to 61 years old, and consists of eight male members and three female members. Our Board of Directors is of the view that our Board satisfies the Board Diversity Policy. The

Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Group will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Group also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board.

We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

Corporate Governance Code

We are committed to achieving high standards of corporate governance with a view to safeguarding the interest of our Shareholders. To accomplish this, we intend to comply with the corporate governance requirements under the Corporate Governance Code after the Listing.

Under paragraph C.2.1 of part 2 of the Corporate Governance Code, the roles of chairperson and chief executive should be separate and should not be performed by the same individual. Dr. Wu is the chairperson of our Board and the chief executive officer of our Company. With experience in the pharmaceutical industry and having served in our Company since its establishment, Dr. Wu is in charge of overseeing the overall management, business operation and strategies of our Group. Despite the fact that the roles of the chairperson of our Board and the chief executive officer of our Company are both performed by Dr. Wu which constitutes a deviation from paragraph C.2.1 of part 2 of the Corporate Governance Code, our Board considers that vesting the roles of both the chairperson of our Board and the chief executive officer of our Company all in Dr. Wu has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of our Company. The balance of power and authority is ensured by the operation of our Board and our senior management, each of which comprises experienced and diverse individuals. Our Board currently comprises two executive Directors, five non-executive Directors and four independent non-executive Directors. Therefore, our Board possesses a strong independence element in its composition.

Save as disclosed above, we intend to comply with all code provisions under the Corporate Governance Code.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, (ii) a confidentiality agreement and (iii) a non-competition agreement, with our senior management members and other key personnel (other than Directors). Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Confidentiality

- *Confidentiality obligations*. The employee shall, during the course of employment with our Company and thereafter, keep in confidence trade secrets, technical information, know-how, financial information and other confidential information of our Group. Without our Group's consent, the employee shall not use for the purpose of undermining our Group's interests, disclose, copy, save or send to any private medium, or otherwise make available to any third party (including employees who are not privy to such confidential information) any such confidential information in any manner and shall not use such confidential information apart from discharging his/her duties as an employee of our Group.

Ownership of intellectual work products

- *Acknowledgement*. The employee acknowledges and agrees that our Group shall own all intellectual work products (including but not limited to patents, copyrights and other intellectual property) he or she produces, including but not limited to those produced (i) during the course of discharging his/her duties as an employee of our Group; or (ii) mainly using the resources, technology, information or data of our Group during the course of his/her employment.

Non-competition

- *Non-competition obligation*. Employees shall not directly or indirectly engage in any business that competes with or are similar to that of our Group's business during the service period and for a two year non-competition period after the service period. During this non-competition period, our Group shall provide employees with financial compensation on a monthly basis.

Compensation for Breach of Covenants

- If the employee breaches his/her obligations under the employment contract, our Group shall be entitled recover from the employee any losses incurred by our Group as a result of such breach by the employee and expenses incurred by our Group as a result of investigating such breach by the employee or otherwise enforcing the provisions and terms under the employment contract.

COMPENSATION OF DIRECTORS, SUPERVISORS AND MANAGEMENT

Our Company offers executive Directors, Supervisors and members of our senior management, who are also employees of our Company, emolument in the form of salaries, allowances, discretionary bonus and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of the Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amounts of remuneration which were paid to our Directors and Supervisors (including fees, salaries, allowances and benefits in kind, discretionary bonuses, pension scheme contributions, and housing funds, medical insurance and other social insurance) for the financial years ended December 31, 2022 and 2023 and the three months ended March 31, 2024 were approximately RMB4.7 million, RMB6.7 million and RMB2.4 million, respectively.

It is estimated that the aggregate amount of remuneration payable to our Directors and Supervisors (including fees, salaries, allowances and benefits in kind, discretionary bonuses, pension scheme contributions, and housing funds, medical insurance and other social insurance) for the financial year ending December 31, 2024 will be approximately RMB12.0 million under arrangements in force as of the date of this prospectus.

For the financial years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, there were one, one and one Director among the five highest paid individuals, respectively. The aggregate amounts of remuneration which were paid by our Group to the five highest paid individuals (excluding Directors) for the financial years ended December 31, 2022 and 2023 and the three months ended March 31, 2024 were approximately RMB7.6 million, RMB11.3 million and RMB2.7 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors, Supervisors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors, Supervisors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors or Supervisors waived or agreed to waive any emoluments.

Save as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on Directors' and Supervisors' remuneration during the Track Record Period as well as information on the five highest paid individuals, see note 11 to the Accountants' Report.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Wu was able to exercise approximately 40.64% voting rights in our Company through (i) Tetranov Pharmaceutical as to approximately 30.96%; (ii) Changxing Liyuan as to approximately 7.02%; and (iii) Changxing Caiyuan and Changxing Gangyuan, being our ESOP Platforms, as to approximately 2.66%, respectively.

Tetranov Pharmaceutical is held as to approximately 30.66% by Dr. Wu, approximately 20.15% by Zhengzhou Hongnuo, approximately 3.02% by Zhengzhou Derui, approximately 31.28% by Tetranov International Inc, approximately 14.26% by Zhengzhou Leli Enterprise Management Consulting Co., Ltd. (鄭州樂力企業管理諮詢有限公司) ("**Zhengzhou Leli**") and approximately 0.63% by Zhengzhou Reform Purification Co., Ltd. (鄭州瑞孚淨化科技有限公司) ("**Zhengzhou Reform**"), respectively. Zhengzhou Hongnuo is managed by its executive partner, Huzhou Derui, which is owned as to 38.75% by Dr. Wu, 61% by Zhengzhou Derui and 0.25% by Mr. ZHANG Sen (張森), one of our employees. As of the Latest Practicable Date, Zhengzhou Hongnuo had 22 individual limited partners, who are Independent Third Parties (save for Dr. NIU Chengshan (our chairperson of the Supervisory Committee, employee representative Supervisor, senior director of the medicinal chemistry department) and Dr. LIANG Apeng (our employee representative Supervisor, director of the medicinal chemistry department)), each holding less than 30% partnership interest in Zhengzhou Hongnuo. Zhengzhou Derui is wholly owned by Dr. Wu. As of the Latest Practicable Date, Tetranov International Inc was held as to approximately 80.81% by Ms. Zhu and as to approximately 19.19% by three other individuals who are Independent Third Parties. As of the Latest Practicable Date, Zhengzhou Leli was held as to 95% by Mr. LUO Jingwei (羅敬偉) and 5% by Ms. ZHANG Dongling (張冬玲) as registered shareholders, each being an Independent Third Party. As of the Latest Practicable Date, Zhengzhou Reform was held as to approximately 99.01% by Ms. SONG Fengdan (宋鳳丹), an Independent Third Party, and the remaining 0.99% by three other individuals who are also Independent Third Parties. Changxing Liyuan is managed by Zhengzhou Derui as its general partner. Each of Changxing Caiyuan and Changxing Gangyuan is managed by its executive partner, Huzhou Derui, which in turn is wholly owned by Dr. Wu.

Immediately upon completion of the Global Offering, Dr. Wu, together with Ms. Zhu, Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Changxing Liyuan, Changxing Caiyuan and Changxing Gangyuan, will be entitled to exercise approximately 35.39% voting rights in our Company. Therefore, Dr. Wu, Ms. Zhu, Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Changxing Liyuan, Changxing Caiyuan and Changxing Gangyuan are considered as a group of Controlling Shareholders under the Listing Rules.

Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, and Changxing Liyuan are investment holding vehicles with no substantive business activities. Changxing Caiyuan and Changxing Gangyuan serve as our ESOP Platforms. For further details, see "History, Development and Corporate Structure" in this prospectus. For background and biographical details of Dr. Wu, see "Directors, Supervisors and Senior Management" in this prospectus.

DELINEATION OF BUSINESS

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment.

1. LeadMed and SynthonTech

As of the Latest Practicable Date, Dr. Wu, through his investment holding vehicles, was able to control (i) approximately 85.74% voting rights in LeadMed (Zhejiang) Medical Co., Ltd. (浙江藥領醫藥科技有限公司) ("**Zhejiang LeadMed**") and its wholly-owned subsidiary LeadMed (Zhengzhou) Medical Co., Ltd. (鄭州藥領醫藥科技有限公司) ("**Zhengzhou LeadMed**", together with Zhejiang LeadMed, "**LeadMed**"); and (ii) 100% voting rights in Zhejiang SynthonTech Co., Ltd. (浙江雅辰藥物科技有限公司) ("**SynthonTech**").

Zhejiang LeadMed is a limited liability company established in the PRC on April 8, 2020, which is directly owned as to approximately 20.15% by Zhengzhou Hongnuo, approximately 65.59% by Huzhou Derui and approximately 14.26% by Zhengzhou Leli. Zhengzhou LeadMed is a limited liability company established in the PRC on February 1, 2018. SynthonTech is a limited liability established in the PRC on August 30, 2022, which is directly owned as to 80% by Huzhou Derui and 20% by Huzhou Lingyu Equity Investment Partnership (Limited Partnership) (湖州領域股權投資合夥企業) ("**Huzhou Lingyu**"). Huzhou Lingyu is a limited partnership established in the PRC on July 18, 2022 and is managed by Huzhou Derui as its executive partner, which held 42% partnership interest in Huzhou Lingyu. As of the Latest Practicable Date, Huzhou Lingyu had three limited partners, who are employees of LeadMed and Independent Third Parties. As of the Latest Practicable Date, save for Dr. Wu who serves as the sole director of Zhejiang LeadMed, Zhengzhou LeadMed and SynthonTech, there was no overlap of directors, senior management and R&D personnel between our Group and LeadMed and SynthonTech.

There is a clear delineation of business between our Group (on the one hand) and LeadMed and SynthonTech (on the other hand) based on the following grounds:

(a) Different business nature

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. Since our inception in 2017, we have built a pipeline with 11 innovative small-molecule drug candidates, including Core Product TY-9591 and Key Product TY-302, and have developed capabilities that encompassed the key drug development functionalities from R&D to manufacturing.

Unlike our Group, LeadMed and SynthonTech are principally engaged in the provision of R&D CRO services for small molecule drugs (including pharmaceutical intermediate synthesis, module compound synthesis and FTE synthesis services) as well as sales of small molecule intermediates of chemical drugs and moisturizing and anti-wrinkle cosmetic products. Neither LeadMed nor SynthonTech is involved in the discovery, development or commercialization of innovative drugs. For the year ended December 31, 2023, LeadMed and SynthonTech record a total revenue of approximately RMB2.2 million.

(b) Different product nature

Apart from the drug R&D CRO services, the products provided by LeadMed and SynthonTech are intermediates of drugs and cosmetic products, which are fundamentally different from those of our Group. Intermediates of drugs and cosmetic products are compounds used as building blocks or starting materials in the synthesis or manufacturing process of a drug and cosmetic product. They are always in less refined form with certain chemical structure and properties and undergo further chemical reactions or modifications in order to become the active pharmaceutical ingredients (API).

By contrast, our products and product candidates are final drug products which need regulatory approvals to be administered to patients for therapeutic purposes. While we may rely on intermediates in our drug discovery and development process, we do not engage in the manufacturing of intermediates by ourselves or supply of intermediates to any customers. Instead, we purchase intermediates from third-party suppliers when we have such need.

Based on the above, we consider that there is a clear delineation of business between our Group (on the one hand) and LeadMed and SynthonTech (on the other hand) and the business of LeadMed and SynthonTech does not compete or is likely to compete, directly or indirectly, with the business of our Group.

2. Tengyuan Shanghai

As of the Latest Practicable Date, Dr. Wu, through Zhengzhou Derui, held 33.3% partnership interest in Tengyuan (Shanghai) Enterprise Management Center (Limited Partnership) (騰遠(上海)企業管理中心(有限合夥)) ("**Tengyuan Shanghai**") as a limited partner. Tengyuan Shanghai is a limited partnership established in the PRC on December 1, 2017 and is managed by its executive partner, Ningbo Guoxing Lecheng Enterprise Management Consulting Co., Ltd. (寧波國興樂成企業管理諮詢有限公司), an Independent Third Party. To the best knowledge, information and belief of our Company, Tengyuan Shanghai primarily focuses on investments in medical innovation industry. As of the Latest Practicable Date, in addition to our Company, Tengyuan Shanghai, as the executive partner of two investment funds (including our Pre-IPO Investor, Changsanjiao Tengyuan (Changxing) Medical Equity Investment Partnership (Limited Partnership) (長三角騰遠(長興)醫療股權投資合夥企業(有限合夥))), managed investments in three portfolio companies, with approximately 18.04% interests in one investee company, namely Chengdu Enmu Biotechnology Co., Ltd. (成都恩沐生物科技有限公司), a biopharmaceutical company which is principally engaged in the

research and development of therapeutic bispecific and trispecific antibody biologics (instead of chemical drugs) with a focus on the treatment of blood cancer, and with less than 5% interests in each of the other two investee companies, namely Shanghai Guanran Medical Technology Co., Ltd. (上海觀然醫療科技有限公司), a medical company which is principally engaged in providing pathological testing services, and Yafei (Shanghai) Biopharma Technology Co., Ltd. (亞飛(上海)生物醫藥科技有限公司), a biopharmaceutical company which is principally engaged in research and development of tumor microenvironment activated (TMEA) platform technology.

As a limited partner of Tengyuan Shanghai, Dr. Wu is only a passive investor. He is not involved in the management and investment decision-making of Tengyuan Shanghai, has no control over the composition of the board of directors of the above investee companies, and is not involved in the daily management and operation of the above investee companies. We consider that there is a clear delineation of business between our Group and Tengyuan Shanghai.

As of the Latest Practicable Date, save for the interest in our Group, none of our Controlling Shareholders had any interest in a business which competes or is likely to compete, directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after Listing, taking into consideration of the factors below.

Management Independence

Our Board comprises 11 Directors, including two executive Directors, five non-executive Director and four independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders and their close associates for the following considerations:

(i) none of the business undertaken or carried on by Dr. Wu or his close associates outside of our Group competes with our business and therefore, the dual roles assumed by Dr. Wu in our Group and LeadMed and SynthonTech will not affect the requisite degree of impartiality of Dr. Wu in discharging his fiduciary duties owed to our Company;

(ii) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(iii) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors, Supervisors and Senior Management" in this prospectus;

(iv) we have appointed four independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(vi) 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. For further details, see "— Corporate Governance Measures" in this section.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

The section headed "Connected Transactions" in this prospectus sets out certain connected transactions between our Group and our Controlling Shareholders which constitute one-off transaction or will continue after completion of the Global Offering. The terms of all such transactions were determined after arm's length negotiations and on normal commercial terms or better. Accordingly, such connected transactions are not expected to affect our operational independence as a whole.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance, guarantee or other forms of collateral or security provided by our Controlling Shareholders or their close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of and do not place undue reliance on our Controlling Shareholders and their close associates after the Listing.

NON-COMPETITION UNDERTAKING

Dr. Wu has provided a non-competition undertaking (the "**Non-competition Undertaking**"), pursuant to which Dr. Wu has unconditionally and irrevocably undertaken that he will not, and will use his best endeavors to procure his close associates (except any member of our Group) not to, whether directly or indirectly, as principal or agent either on his/their own account or in conjunction with or on behalf of any person, engage in any business that competes, or is likely to compete, directly or indirectly with our Group (the "**Restricted Business**").

In addition, under the Non-competition Undertaking, Dr. Wu unconditionally and irrevocably granted us the option to acquire new business opportunities, options for acquisitions, and pre-emptive rights in respect of the Restricted Business.

Options for New Business Opportunities

Dr. Wu has unconditionally and irrevocably undertaken in the Non-competition Undertaking that he will first offer any investment or other commercial business opportunities in the Restricted Business (a "**New Business Opportunity**") to us in the following manner when such New Business Opportunity becomes available to him:

(a) within 20 Business Days when any New Business Opportunity becomes available to him, he will refer the New Business Opportunity to us and will inform us in writing all information (including but not limited to details of the nature and investment or acquisition cost of such New Business Opportunity) which is necessary and reasonably required for us to consider (i) whether such New Business Opportunity will compete with our business and (ii) whether it is in the interest of our Group to engage in such New Business Opportunity (the "**Offer Notice**");

(b) our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up any New Business Opportunity. Within seven Business Days of receipt of an Offer Notice, we will notify our independent non-executive Directors for their consideration. Our Company shall inform Dr. Wu in writing within 20 Business Days after receipt of the Offer Notice about our decision on whether the New Business Opportunity will be pursued;

(c) Dr. Wu will only be entitled to engage in the New Business Opportunity until the earlier of: (i) the receipt by Dr. Wu of a written notice from us declining the New Business Opportunity, or (ii) our failure to respond within 20 Business Days of our receipt of the Offer Notice; and

(d) if there is any material change in the terms and conditions of the New Business Opportunity after the referral, Dr. Wu shall refer the New Business Opportunity with the revised terms and conditions to us again in the manner as stated above.

Dr. Wu has further unconditionally and irrevocably undertaken that he shall procure his close associates to first offer to us any New Business Opportunity offered to them in accordance with the same procedures as described above.

Options for Acquisition

In relation to any New Business Opportunity which has been offered to but has not been taken up by us, and has been retained by Dr. Wu or any of his close associates, Dr. Wu has granted us the option to purchase any equity interests, assets or other interests which form part of the new business, to the extent such arrangement is not in violation of any applicable laws and regulations, the articles of association, or any contractual arrangements with any third parties. The consideration and other terms for the acquisition of the new business will be determined after arm's length negotiation between Dr. Wu or his close associate(s) (as the case may be) and us. Our independent non-executive Directors will be responsible for regularly reviewing, considering and deciding whether or not to exercise the options for acquisition.

Pre-emptive Rights

Dr. Wu has unconditionally and irrevocably undertaken that if he intends to transfer, sell, lease, license or by any other means transfer or grant the right to any New Business Opportunity which has been offered to but has not been taken up by us, and has been retained by him (the "**Proposed Transaction**"), then we shall have the pre-emptive right to be offered the Proposed Transaction on the same terms as, and before or at the same time of, the offer of the Proposed Transaction to any third party, to the extent such arrangement is not in violation of any applicable laws and regulations, the articles of association, or any contractual arrangements with any third parties. Dr. Wu shall notify us of the Proposed Transaction by written notice (the "**Selling Notice**"), to which the terms of the Proposed Transaction and all information reasonably required by us to make a decision on whether or not to exercise our pre-emptive right shall be attached.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise our pre-emptive rights. Within seven Business Days of receipt of a Selling Notice, we will notify our independent non-executive Directors and furnish them with necessary information for their consideration. Our Company shall inform Dr. Wu in writing within 20 Business Days after receipt of the Selling Notice about our decision on whether the Company will exercise the pre-emptive rights. If we decide to exercise our pre-emptive right, the terms will be determined between Dr. Wu and us in accordance with applicable laws and regulations and principles of fairness and reasonableness.

Dr. Wu will only be entitled to engage in the Proposed Transaction with any third party until the earlier of: (i) the receipt by Dr. Wu of a written notice from us declining to exercise the pre-emptive right, or (ii) our failure to respond within 20 Business Days of our receipt of the Selling Notice.

Dr. Wu has further unconditionally and irrevocably undertaken that he shall procure his close associates to first offer to us any Proposed Transaction in accordance with the same procedures as described above.

In order to monitor ongoing compliance with the Non-competition Undertaking, we intend to adopt the following measures:

(a) provision to our independent non-executive Directors of any Offer Notice or Selling Notice received within seven Business Days of receipt;

(b) disclosure in our annual reports of the confirmation by Dr. Wu of compliance with the Non-competition Undertaking by him, including that all relevant notices and pre-emptive offers have been given to us for all relevant business opportunities; and

(c) disclosure in our annual reports of the findings of our independent non-executive Directors on each Offer Notice or Selling Notice received, and the basis of their decision(s) (where applicable).

The Non-competition Undertaking will terminate upon the earlier of:

(a) Dr. Wu and his close associate(s) (except any member of our Group), directly or indirectly, ceasing to hold 30% or more voting rights in aggregate of our total share capital, ceasing to have control the composition of a majority of our Board, or ceasing to be Controlling Shareholders; and

(b) our H Shares no longer being listed on the Stock Exchange (save for trading suspension).

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and each of our Controlling Shareholders:

(i) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their close associates, our Company will comply with the applicable Listing Rules;

(iii) our Board consists of a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors), with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review 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) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(v) we have appointed Rainbow Capital (HK) Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after Listing.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons in our ordinary and usual course of business, which will constitute our one-off or continuing connected transactions upon Listing:

Name of our connected person	Connected relationship
Tetranov Pharmaceutical	Tetranov Pharmaceutical is held directly and indirectly as to 53.83% by Dr. Wu as of the Latest Practicable Date, and is therefore a connected person of our Company.
Huzhou Derui	Huzhou Derui is owned as to 38.75% by Dr. Wu and 61% by Zhengzhou Derui, which is wholly owned by Dr. Wu, and is therefore connected person of our Company.
Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) ("**Huiyu Pharmaceutical**")	Huiyu Pharmaceutical was held as to approximately 26.93% by Dr. DING Zhao (丁兆), our non-executive Director, who through a weighted voting rights structure and together with his controlled entities, was able to exercise 60.95% voting rights in Huiyu Pharmaceutical as of the Latest Practicable Date. As such, Huiyu Pharmaceutical is an associate of our Director and therefore a connected person of our Company.

OUR CONNECTED TRANSACTIONS

	Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
One-off connected transaction				
1	Property leasing	Tetranov Pharmaceutical	N/A	N/A
Fully exempt continuing connected transaction				
2	Procurement of customized compound synthesis services	Huzhou Derui	14A.76(1)	N/A
Partially-exempt continuing connected transaction				
3	Procurement of technology services	Huiyu Pharmaceutical	14A.35, 14A.53 and 14A.71	Waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules

ONE-OFF CONNECTED TRANSACTION

Zhengzhou TYK, our wholly-owned subsidiary, entered into a tenancy agreement with Tetranov Pharmaceutical on May 31, 2021, pursuant to which Zhengzhou TYK leased a furnished property from Tetranov Pharmaceutical for a fixed period from June 1, 2021 to May 31, 2026 to be used for a new drug R&D project (the "**Property Lease Agreement**"). The property is located at Floors 1-2, Block B, Building 14, Zhengzhou Linkong Biomedical Park, Biotechnology Second Street, Airport District, Zhengzhou, PRC and has a construction area of 1,539.57 sq.m (the "**Property**"). The monthly rent is RMB107,769.55. The Property Lease Agreement may be renewed on terms as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and other applicable laws and regulations.

The rent for the Property Lease Agreement was determined by the parties at arm's length negotiations with reference to prevailing market rate and the location, quality and size of the property, and that the Property Lease Agreement was entered into in our ordinary and usual course of business and after arm's length negotiation, and were on normal commercial terms or better.

AVISTA Valuation Advisory Limited, the independent property valuer of our Company, has confirmed that, (i) the terms of the Property Lease Agreement are at arm's length, on normal commercial terms and reasonable for contracts of the relevant type, and (ii) the rental of the Property Lease Agreement for an aggregate of 1,539.57 square meters is fair and reasonable and represent the prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC.

The value of the right of use assets from leasing which includes the present value of the lease payments recognized by our Company with respect to the Property Lease Agreement according to HKFRS 16 as at December 31, 2022, December 31, 2023 and March 31, 2024 amounted to approximately RMB3.9 million, RMB2.7 million and RMB2.5 million, respectively.

In accordance with HKFRS 16 "Leases", our Group recognized a right-of-use asset on its balance sheet in connection with the lease of the property from Tetranov Pharmaceutical. Therefore, the lease is regarded as an acquisition of a capital asset and an one-off connected transaction of the Company for the purposes of the Listing Rules. Our Group has recognized a right-of-use asset under the Property Lease Agreement on its balance sheet, accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Our Company has entered into a technology services framework agreement with Huzhou Derui (the "**Services Framework Agreement**") for term of three years commencing from the Listing Date until December 31, 2026, and may be renewed conditional on the fulfillment of the relevant requirements under the relevant laws, regulations and the Listing Rules. Pursuant to the Services Framework Agreement, Huzhou Derui or its subsidiaries provide customized compound synthesis services to our Group and with respect to specific service requests that may be identified in the future, we and Huzhou Derui (or its subsidiary) will enter into separate individual agreements or work orders to provide for the specific terms and conditions according to the principles provided in the Services Framework Agreement.

For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, the amounts incurred by our Company for the customized compound synthesis services provided by subsidiaries of Huzhou Derui (namely LeadMed (Zhejiang) Co., Ltd. (浙江藥領醫藥科技有限公司) and LeadMed (Zhengzhou) Co., Ltd. (鄭州藥領醫藥科技有限公司)) were approximately RMB3.2 million, nil and nil, respectively.

Our Directors currently expect that the estimated transaction amounts under the Services Framework Agreement for each of the years ending December 31, 2024, 2025 and 2026 will be less than HK$3.0 million on an annual basis. Therefore, the aforesaid continuing connected transaction contemplated under the Services Framework Agreement will be fully exempt from the independent shareholders' approval, reporting, annual review, announcement and all disclosure requirements pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Background

As disclosed in the section headed "Business" in this prospectus, we are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. With respect to our Core Product, TY-9591, we commenced a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from EGFR mutated NSCLC in August 2023 for which we expect to complete patient enrollment in the third quarter of 2024 and submit an application to the NMPA for conditional marketing approval in the first quarter of 2025. In addition, we commenced a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation in June 2022, for which we expect to complete patient enrollment in the fourth quarter of 2024 and submit a NDA in the second half of 2026. We are now in an important transition stage of pilot scale-up prior to the full-scale commercial manufacturing of TY-9591.

Principal Terms

On December 29, 2023, our Company entered into a technology service agreement for TY-9591 tablets ("**TY-9591 Tablets Service Agreement**") and a technology service agreement for TY-9591 active pharmaceutical ingredient (API) ("**TY-9591 API Service Agreement**"), which are further supplemented by a supplemental agreement dated July 19, 2024 (together with the TY-9591 API Service Agreement and the TY-9591 Tablets Service Agreement, the "**TY-9591 CCT Agreements**") with Huiyu Pharmaceutical. The TY-9591 CCT Agreements will continue in full force from the date of entering into the agreements until the end of the year of 2025.

Pursuant to the TY-9591 Tablets Service Agreement, Huiyu Pharmaceutical would provide technology services for TY-9591 tablets to our Company, including, among others, procurement of ancillary materials required for the production of TY-9591 tablets, production of TY-9591 tablets in accordance with our instructions, drafting the documents required for registration and application for TY-9591 tablets and ensuring that TY-9591 tablets meet GMP compliance requirements. Pursuant to the TY-9591 API Service Agreement, Huiyu Pharmaceutical would provide technology services of TY-9591 API to our Company, including, among others, procurement of ancillary materials required for the production of TY-9591 API, manufacturing process transfer and production of TY-9591 API. Accordingly, our Company would make payments of technology service fees and ancillary materials procurement fees to Huiyu Pharmaceutical under the TY-9591 CCT Agreements with reference to the following milestones:

Milestones		Technology service fees under the TY-9591 Tablets Service Agreement	Technology service fees under the TY-9591 API Service Agreement	Total technology service fees under the TY-9591 CCT Agreements	Whether the milestone has been met under the TY-9591 Tablets Service Agreement as of the Latest Practicable Date	Whether the milestone has been met under the TY-9591 API Service Agreement as of the Latest Practicable Date
		(RMB)	*(RMB)*	*(RMB)*		
(1)	15 working days after entering into the agreement	420,000	1,400,000	1,820,000	Yes	Yes
(2)	After completion the process transfer and before start of the project	210,000	700,000	910,000	Yes	Yes
(3)	After delivery of the project batch and the stability plan for the project batch is provided	210,000	700,000	910,000	Yes (partially)	Yes (partially)

Milestones	Technology service fees under the TY-9591 Tablets Service Agreement	Technology service fees under the TY-9591 API Service Agreement	Total technology service fees under the TY-9591 CCT Agreements	Whether the milestone has been met under the TY-9591 Tablets Service Agreement as of the Latest Practicable Date	Whether the milestone has been met under the TY-9591 API Service Agreement as of the Latest Practicable Date
	(RMB)	*(RMB)*	*(RMB)*		
(4) After delivery of the first verification batch	315,000	1,050,000	1,365,000	No	No
(5) After delivery of the second verification batch	210,000	700,000	910,000	No	No
(6) After delivery of the third verification batch and provision of the stability plan of all three verification batches	210,000	700,000	910,000	No	No
(7) After our Company receives all relevant documents and obtains the NDA approval with respect to TY-9591	210,000	700,000	910,000	No	No
(8) After delivery of the onsite inspection batch and provision of the stability plan of the onsite inspection batch	210,000	700,000	910,000	No	No
(9) After completion of the stability examination and receipt of all stability report and relevant data by our Company	105,000	350,000	455,000	No	No
Total (VAT inclusive)	2,100,000	7,000,000	9,100,000	–	–

The estimated amount of the ancillary materials procurement fees payable to Huiyu Pharmaceutical under the TY-9591 CCT Agreements will be RMB4,800,000, the actual payment amount of which will be subject to changes based on the costs of the ancillary materials and the payment thereof will be made by us to Huiyu Pharmaceutical from time to time on an actual reimbursement basis.

Reasons for the Transactions

To facilitate the commercial launch of TY-9591 and to ensure a seamless transfer from lab-scale development to official commercial production, our Company needs to scale up its manufacturing and streamline the path to regulatory approval. Considering that Huiyu Pharmaceutical has established a dedicated GMP pilot-scale production facility and possesses the necessary manufacturing capabilities for TY-9591's production line, coupled with our extensive experience in TY-9591's clinical development, we chose Huiyu Pharmaceutical, as a competent partner to provide the aforesaid services during the transition stage of pilot scale-up for TY-9591 in order to achieve a larger quantity of the product for testing and evaluation. We believe that, through the transactions contemplated under the TY-9591 CCT Agreements, we will be able to leverage Huiyu Pharmaceutical's manufacturing capabilities and experience in navigating regulatory requirements, quality assurance and compliance issues to enhance the efficiency and quality of our manufacturing and regulatory approval process, which would assist us in facilitating the commercialization of TY-9591. According to Frost & Sullivan, it is a common industry practice for biopharmaceutical companies to engage in similar transactions with external technology service providers during the process of pharmaceutical pilot scale-up, which is crucial in the drug development cycle allowing pharmaceutical companies to assess the scalability of the manufacturing process and identify any potential problems that may arise during full-scale production. Also, by outsourcing non-core functions to an external technology service provider, we can better concentrate our internal resources and expertise on R&D, which is our core competency.

Historical Amounts

For the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, the technology service fees paid by our Company to Huiyu Pharmaceutical under the TY-9591 CCT Agreements were nil, nil and RMB1,981,000, respectively, and the ancillary materials procurement fees paid by our Company to Huiyu Pharmaceutical under the TY-9591 CCT Agreements were nil, nil and RMB1,062,000, respectively.

Annual Caps and Pricing Policy

The fees payable to Huiyu Pharmaceutical under the TY-9591 CCT Agreements for the years ending December 31, 2024 and 2025 shall not exceed the caps as set out in the table below:

	Year ending December 31,	Year ending December 31,
	2024	2025
	(RMB)	*(RMB)*
Technology service fees	4,690,000	4,410,000
Ancillary materials procurement fees	2,180,000	2,620,000
Total	**6,870,000**	**7,030,000**

The fees payable to Huiyu Pharmaceutical under the TY-9591 CCT Agreements are charged at rates no less favourable than rates at which our Company pays Independent Third Parties for comparable transactions and were determined by our Company and Huiyu Pharmaceutical through arm's length negotiation based on a number of factors. When estimating the annual caps of the fees, our Directors have taken into consideration (i) our R&D plan and timeline of TY-9591, (ii) the nature, complexity and volume of services we expect to procure from Huiyu Pharmaceutical, (iii) the number of relevant personnel and their work hours required for providing the relevant services and their respective prevailing hourly rates; (iv) the market rates by obtaining and comparing against fee quotes provided by other comparable service providers; (v) the completion of the relevant milestones under the TY-9591 CCT Agreements as of the Latest Practicable Date and the outstanding milestones to be met; and (vi) the contract amount of ancillary materials procurement fees as estimated and provided under the TY-9591 CCT Agreements.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions contemplated under the TY-9591 CCT Agreements, when aggregated, for each of the years ending December 31, 2024 and 2025 calculated for the purpose of Chapter 14A of the Listing Rule is expected to be more than 0.1% but less than 5% on annual basis. Accordingly, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the reporting, announcement and annual review requirements but will be exempt from the circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Waiver Application under Rule 14A.105 of the Listing Rules

As the transactions contemplated under the TY-9591 CCT Agreements will constitute partially exempt continuing connected transactions under the Listing Rules upon Listing, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 14A.105 of the Listing Rules from compliance with the announcement requirement under the Listing Rules in respect of such transactions for a term of two years ending on December 31, 2025, subject to the condition that the total amount of transactions under the TY-9591 CCT Agreements for each of the two years ending December 31, 2025 shall not exceed the proposed annual caps as set out in this section. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the partially-exempt continuing connected transactions referred to above, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time. Apart from the announcement requirement for which waiver is sought, our Company will comply with the applicable requirements under Chapter 14A of the Listing Rules.

Directors' Confirmation

Our Directors (including our independent non-executive Directors) consider that (i) the partially-exempt continuing connected transactions contemplated under the TY-9591 CCT Agreements have been entered into and are conducted in the ordinary and usual course of our business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for such continuing connected transactions are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

If any of the terms of the TY-9591 CCT Agreements is altered, or if the Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, the Company must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange.

Sole Sponsor's Confirmation

Having taken into account (i) the documentation and information provided by our Company; and (ii) due diligence conducted and discussions with our Company and the Industry Consultant, the Sole Sponsor is of the view that (i) the partially-exempt continuing connected transactions contemplated under the TY-9591 CCT Agreements have been entered into and are conducted in the ordinary and usual course of our business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for such continuing connected transactions are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/nature of interest	Type of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares after the Global Offering[1]	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering[1]
				(%)	*(%)*
Dr. Wu[2][3]	Interest in controlled corporations	H Shares	45,937,500	23.85	12.39
		Unlisted Shares	85,312,500	47.86	23.01
Ms. Zhu[2]	Interest of spouse	H Shares	45,937,500	23.85	12.39
		Unlisted Shares	85,312,500	47.86	23.01
Tetranov Pharmaceutical[2]	Beneficial owner	H Shares	35,000,000	18.17	9.44
		Unlisted Shares	65,000,000	36.47	17.53
Changxing Liyuan[3]	Beneficial owner	Unlisted Shares	14,735,500	8.27	3.97
Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司) ("**Addor Capital Fund Management**")[4]	Interest in controlled corporations	H Shares	20,400,000	10.59	5.50
Nanjing Addor Capital Management Enterprise (Limited Partnership) (南京毅達資本管理企業(有限合夥))[4]	Interest in controlled corporations	H Shares	20,400,000	10.59	5.50
Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司) ("**Nanjing Addor Management**")[4]	Interest in controlled corporations	H Shares	20,400,000	10.59	5.50

Name of Shareholder	Capacity/nature of interest	Type of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares after the Global Offering[1]	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering[1]
				(%)	*(%)*
Ningbo Meishan Bonded Port Area Houji Tongnuo Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚紀通諾投資管理合夥企業(有限合夥)) ("**Houji Tongnuo**")[5]	Beneficial Owner	Unlisted Shares	9,195,302	5.16	2.48
Yantai Huayan Trading Co., Ltd. (煙台華衍商貿有限公司) ("**Yantai Huayan**")[5]	Interest in controlled corporations	Unlisted Shares	9,195,302	5.16	2.48
MOU Yanmin (牟衍敏)[5]	Interest in controlled corporations	Unlisted Shares	9,195,302	5.16	2.48
Beijing Huge Capital Management Co., Ltd. (北京厚紀景橋創業投資有限公司) ("**Huge Capital**")[5]	Interest in controlled corporations	Unlisted Shares	12,613,025	7.08	3.40
Mr. HE Chao (何超)[5]	Interest in controlled Corporations	Unlisted Shares	12,613,025	7.08	3.40
Changxing Guohai Donghu Equity Investment Partnership (Limited Partnership) (長興國海東湖股權投資合夥企業(有限合夥)) ("**Changxing Guohai**")[6]	Beneficial Owner	Unlisted Shares	9,139,200	5.13	2.46
Changxing Donghu Industrial Co., Ltd. (長興東湖實業有限公司) ("**Donghu Industrial**")[6]	Interest in controlled corporations	Unlisted Shares	9,139,200	5.13	2.46
Sealand Innovation Capital Investment Management Co., Ltd. (國海創新資本投資管理有限公司) ("**Sealand Innovation**")[6]	Interest in controlled corporations	Unlisted Shares	13,747,200	7.71	3.71

Name of Shareholder	Capacity/nature of interest	Type of Shares upon the completion of the Global Offering	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares after the Global Offering[(1)]	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering[(1)]
				(%)	*(%)*
Sealand Securities Co., Ltd. (國海證券股份有限公司) ("**Sealand Securities**")[(6)]. .	Interest in controlled corporations	Unlisted Shares	13,747,200	7.71	3.71

Notes:

(1) The calculation is based on the total number of 178,249,645 Unlisted Shares in issue and 192,586,173 H Shares in issue upon Listing.

(2) Tetranov Pharmaceutical beneficially owns 35,000,000 H Shares and 65,000,000 Unlisted Shares. As of the Latest Practicable Date, Tetranov Pharmaceutical was held as to approximately 30.66% by Dr. Wu, approximately 20.15% by Zhengzhou Hongnuo and approximately 3.02% by Zhengzhou Derui, respectively. Zhengzhou Hongnuo is managed by its executive partner, Huzhou Derui, which is in turn owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu. As such, under the SFO, Dr. Wu is deemed to be interested in the 35,000,000 H Shares and 65,000,000 Unlisted Shares held by Tetranov Pharmaceutical. Ms. Zhu is spouse of Dr. Wu. Therefore, under the SFO, Ms. Zhu is deemed to be interested in the same number of Shares in which Dr. Wu is interested in.

(3) Changxing Liyuan beneficially owns 7,934,500 H Shares and 14,735,500 Unlisted Shares. As of the Latest Practicable Date, Changxing Liyuan is managed by its executive partner, Zhengzhou Derui, which is wholly owned by Dr. Wu.

Each of Changxing Caiyuan and Changxing Gangyuan is our ESOP Platform. Changxing Caiyuan beneficially owns 1,323,000 H Shares and 2,457,000 Unlisted Shares. Changxing Gangyuan beneficially owns 1,680,000 H Shares and 3,120,000 Unlisted Shares. As of the Latest Practicable Date, each of Changxing Caiyuan and Changxing Gangyuan is managed by its executive partner, Huzhou Derui, which is owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu.

As such, under the SFO, Dr. Wu is deemed to be interested in (i) the 7,934,500 H Shares and 14,735,500 Unlisted Shares held by Changxing Liyuan; (ii) the 1,323,000 H Shares and 2,457,000 Unlisted Shares held by Changxing Caiyuan; and (iii) the 1,680,000 H Shares and 3,120,000 Unlisted Shares held by Changxing Gangyuan.

(4) Addor Capital Fund Management is the executive partner of Jiangsu Addor Capital Results Innovation Venture Capital Fund (Limited Partnership) (江蘇毅達成果創新創業投資基金(有限合夥)) ("**Addor Results**") and Jiangsu Small and Medium Enterprises Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合夥)) ("**Jiangsu SME**"). Addor Capital Fund Management is owned as to approximately 40.68% by Nanjing Addor Capital Management Enterprise (Limited Partnership) (南京毅達資本管理企業(有限合夥)), the executive partner of which is Nanjing Addor Management. Addor Capital Fund Management is also the executive partner of Nanjing Addor Equity Investment Management Enterprise (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)), which in turn is the executive partner of Jiangsu Talent Innovation Venture Capital Fund IV (Limited Partnership) (江蘇人才創新創業投資四期基金(有限合夥)) ("**Jiangsu Talent**"). Each of Addor Results, Jiangsu SME and Jiangsu Talent beneficially owns 9,600,000 H Shares, 7,200,000 H Shares and 3,600,000 H Shares, respectively. As such, under the SFO, Nanjing Addor Management is deemed to be interested in the 9,600,000 H Shares, 7,200,000 H Shares and 3,600,000 H Shares held by Addor Results, Jiangsu SME and Jiangsu Talent, respectively.

(5) Huge Capital is the executive partner of Houji Tongnuo and Ningbo Meishan Bonded Port Area Houyang Tongchi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚揚通馳投資管理合夥企業(有限合夥)) ("**Houyang Tongchi**"). It is ultimately controlled by Mr. HE Chao (何超), our non-executive Director. As such, Huge Capital and Mr. HE Chao (何超) are deemed to be interested in the 9,195,302 Unlisted Shares and 3,417,723 Unlisted Shares held by Houji Tongnuo and Houyang Tongchi under the SFO.

As of the Latest Practicable Date, Yantai Huayan held approximately 50.29% interest in Houji Tongnuo as a limited partner. It is wholly owned by MOU Yanmin (牟衍敏). As such, each of Yantai Huayan and MOU Yanmin (牟衍敏) is deemed to be interested in the 9,195,302 Unlisted Shares held by Houji Tongnuo under the SFO.

(6) Sealand Innovation is the executive partner of Changxing Guohai and Zhuzhou Guohai Guochuang Qianjin Pharmaceutical Venture Capital Partnership (Limited Partnership) (株洲市國海國創千金醫藥創業投資合夥企業(有限合夥)) ("**Guohai Guochuang**"). It is wholly owned by Sealand Securities, a company listed on the Shenzhen Stock Exchange (stock code: 000750). As such, Sealand Innovation and Sealand Securities are deemed to be interested in the 9,139,200 Unlisted Shares and 4,608,000 Unlisted Shares held by Changxing Guohai and Guohai Guochuang under the SFO.

As of the Latest Practicable Date, Donghu Industrial held approximately 83.33% interest in Changxing Guohai as its limited partner. As such, it is deemed to be interested in the 9,139,200 Unlisted Shares held by Changxing Guohai under the SFO.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Appendix VII — Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in this prospectus.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering, without taking into account the Offer Shares that may be taken up under the Global Offering, have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered share capital of our Company was RMB322,955,818 comprising 322,955,818 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately upon completion of the Global Offering, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Unlisted Shares in issue*(note)*	178,249,645	48.07
H Shares to be converted from Unlisted Shares*(note)*	144,706,173	39.02
H Shares to be issued pursuant to the Global Offering	47,880,000	12.91
Total	**370,835,818**	**100.00**

Note: For details of the identities of the Shareholders whose Unlisted Shares will be converted into H Shares upon Listing, see "History, Development and Corporate Structure — Public Float" in this prospectus.

SHARE CLASSES

Upon completion of the Global Offering and conversion of 144,706,173 Unlisted Shares into H Shares, our Shares will consist of Unlisted Shares and H Shares. Both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC.

Unlisted Shares and H Shares are regarded as one class of shares under our Articles of Association, and Unlisted Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of our Shares are to be declared and paid by us in Hong Kong dollars or Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares. After the conversion of Unlisted Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have completed. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for listing of the converted Shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Unlisted Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) our H Share Registrar lodging with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the domestic shareholders of Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Unlisted Shares involved in the application is completed.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with Changxing Xingchang Industrial Investment Partnership (Limited Partnership) (長興興長產業投資合夥企業(有限合夥)) ("**Changxing Xingchang**" or the "**Cornerstone Investor**"), pursuant to which Changxing Xingchang has agreed to, subject to certain conditions, subscribe, or cause its designated entities (including qualified domestic institutional investor as approved by the relevant PRC authority ("**QDII**")) to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for an aggregate amount of US$26,324,209 (equivalent to approximately HK$205.70 million, calculated based on the currency translation of US$1.00 to HK$7.8141) (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) (the "**Cornerstone Placing**").

At the Offer Price of HK$12.10 per Share, the number of Offer Shares to be subscribed for by Changxing Xingchang would be 17,000,000 Offer Shares, representing approximately 35.51% of the Offer Shares to be issued pursuant to the Global Offering, approximately 8.83% of the H Shares in issue immediately upon completion of the Global Offering, and approximately 4.58% of our total issued share capital immediately upon completion of the Global Offering.

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investor has confidence in our business and prospects. Our Company became acquainted with Changxing Xingchang through introduction by our existing Shareholders.

Changxing Xingchang is an entity under the supervision and management of Changxing County People's Government, a county government in Zhejiang Province. As more than 30% of the partnership interest of certain of our existing Shareholders (namely Huzhou Talent, Changxing Xingyin, Changxing Xinsheng, CICC Qihe, Changxing Guohai, Haibang Shuhu, Wangying Shanghe and Fuqi Investment, collectively, the "**Zhejiang-related Entities**") are ultimately under the supervision and management of Zhejiang Provincial People's Government, and the Zhejiang-related Entities will in aggregate hold more than 10% of the total issued share capital of the Company upon Listing, Changxing Xingchang has been permitted to participate in the Cornerstone Placing pursuant to paragraph 18 of Chapter 2.3 of the Guide under a waiver from strict compliance with the requirements under Rules 9.09(b) and 10.04 of the Listing Rules and a written consent under paragraph 5(2) of Appendix F1 to the Listing Rules granted by the Stock Exchange. For further details of the waiver and consent, see "Waivers from Strict Compliance with Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" in this prospectus.

The Cornerstone Placing will form part of the International Offering and Changxing Xingchang will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed for by Changxing Xingchang will rank *pari passu* in all respects with the other fully paid Shares in issue following the completion of the Global Offering. As Changxing Xingchang and the Zhejiang-related Entities collectively will hold approximately 16.25% of our total issued Shares immediately following completion of the Global Offering, such Offer Shares will not count towards the public float for the purpose of Rules 8.08 and 18A.07 of the Listing Rules. For further details, see "History, Development and Corporate Structure — Public Float". Immediately following the completion of the Global Offering, neither Changxing Xingchang or its close associates will have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, Changxing Xingchang does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

To the best knowledge of our Company after making reasonable enquiries, save for the fact that Changxing Xingchang and the Zhejiang-related Entities are ultimately under the supervision and management of Zhejiang Provincial People's Government (i) Changxing Xingchang is not accustomed to take instructions in relation to the acquisition, disposal, voting or other disposition of Shares registered in its name or otherwise held by it from our Company, our Directors, chief executive, Controlling Shareholders or any of our subsidiaries or their respective close associates; and (ii) the subscription of the relevant Offer Shares by Changxing Xingchang is not financed by our Company, our Directors, chief executive, Controlling Shareholders or any of our subsidiaries or any of their respective close associates.

Changxing Xingchang has engaged a QDII to subscribe for the relevant Offer Shares on its behalf and it will procure the QDII to comply with the terms of the Cornerstone Investment Agreement in order to ensure compliance of Changxing Xingchang with its obligations under the Cornerstone Investment Agreement.

As confirmed by Changxing Xingchang, its subscription under the Cornerstone Placing would be financed by its own internal resources. None of Changxing Xingchang and its controlling entities is listed on any stock exchange. Changxing Xingchang has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing. There is no side arrangement or agreement between our Company and Changxing Xingchang, nor benefit, direct or indirect, conferred on Changxing Xingchang by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The number of Offer Shares to be subscribed for by Changxing Xingchang may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. Changxing Xingchang has agreed that if the total demand for H Shares in the Hong Kong Public Offering falls within the circumstances as set out in the section headed "Structure of the Global Offering — 2. The Hong Kong Public Offering — Reallocation and clawback" in this prospectus, the number of Offer Shares to be subscribed by it shall be reduced on a pro rata basis to satisfy the shortfall, after taking into account the requirements under Appendix F1 to the Listing Rules. Details of the actual number of Offer Shares to be allocated to Changxing Xingchang will be disclosed in the allotment results announcement of our Company to be published on or around August 19, 2024.

There will be no delayed delivery or deferred settlement of the Offer Shares to be subscribed for by Changxing Xingchang pursuant to the Cornerstone Investment Agreement, and the payment for the Offer Shares to be subscribed for by Changxing Xingchang will be settled and paid in full before the Listing.

THE CORNERSTONE INVESTOR

Changxing Xingchang is a limited partnership established in the PRC on January 4, 2023 with registered capital of RMB1.0 billion and is principally engaged in equity investment.

As of the Latest Practicable Date, Changxing Xingchang was held as to 0.1% by Zhejiang Xinchang Asset Management Co., Ltd. (浙江鑫長資產管理有限公司) as its general partner and as to 99.9% by Changxing Xingchang Equity Investment Co., Ltd. (長興興長股權投資有限公司) as its sole limited partner. Zhejiang Xinchang Asset Management Co., Ltd. (浙江鑫長資產管理有限公司) is wholly owned by Zhejiang Changxing Financial Holding Co., Ltd. (浙江長興金控控股股份有限公司), which is in turn ultimately controlled by Changxing Economic and Technology Development Zone Public Affairs Service Center (長興經濟技術開發區公共事業服務中心). Changxing Xingchang Equity Investment Co., Ltd. (長興興長股權投資有限公司) is wholly owned by Changxing Financial Holding Equity Investment Co., Ltd. (長興金控股權投資有限公司), which is wholly owned by Zhejiang Changxing Financial Holding Group Co., Ltd. (浙江長興金融控股集團有限公司), which is in turn wholly owned by Changxing County Finance Bureau (長興縣財政局). Both Changxing Economic and Technology Development Zone Public Affairs Service Center (長興經濟技術開發區公共事業服務中心) and Changxing County Finance Bureau (長興縣財政局) are under the supervision and management of Changxing County People' Government (長興縣人民政府).

For the purpose of the Cornerstone Placing, Changxing Xingchang has engaged Zhonghai Trust Co., Ltd. (中海信託股份有限公司), an asset manager that is a QDII as approved by the relevant PRC authority to subscribe for and hold such Offer Shares in the name of its financial product, Zhonghai Xingkong QDII Single Fund Trust (中海興控QDII單一資金信託), on behalf of Changxing Xingchang.

CLOSING CONDITIONS

The obligation of Changxing Xingchang to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the H Shares to be subscribed for by the Cornerstone Investor) as well as other applicable approvals and waivers, and such approvals, permissions or waivers having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) that no law shall have been enacted or promulgated by any governmental authority prohibiting the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreement, and there shall be no order or injunction from a court of competent jurisdiction in effect precluding or prohibiting the consummation of such transactions; and

(v) that the representations, warranties, undertakings, acknowledgements and confirmations of Changxing Xingchang under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading, and there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

Changxing Xingchang has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares it has subscribed for pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of Changxing Xingchang, including the Lock-up Period restrictions.

The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report included in Appendix I to this prospectus. Our historical financial information and the consolidated financial statements of our Group have been prepared in accordance with the HKFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section. Unless the context otherwise requires, historical financial information in this section is described on a consolidated basis.

The discussion and analysis set forth in this section contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Our actual results may differ significantly from those projected. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections headed "Risk Factors" and "Business" and elsewhere in this prospectus. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this prospectus may be due to rounding.

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. Leveraging our capabilities in medicinal chemistry, deep understanding of cancer (particularly in lung cancer), and our efficient clinical development strategy, we are proceeding with our Core Product TY-9591 for NSCLC in two pivotal clinical trials in China. Since our inception in 2017, we have built a pipeline with 11 drug candidates, including Core Product TY-9591, Key Product TY-302, our internally developed Key Product TY-2136b, four other innovative clinical products and four products in preclinical stage or early clinical development stage. As a China-based company with a global vision, our mission is to tackle the challenges of drug accessibility, ensuring affordability and availability for diverse patient groups.

We currently have no products approved for commercial sales and have not generated any revenue from product sales. We have not been profitable and have incurred operating losses during the Track Record Period. In 2022 and 2023 and the three months ended March 31, 2023 and 2024, we had total comprehensive loss for the year/period of RMB311.8 million, RMB383.2 million, RMB83.2 million and RMB107.8 million, respectively.

We expect to incur an increased amount of operating expenses for the near future as we further our preclinical research for, continue the clinical development of, seek regulatory approval for, manufacture and launch, our drug candidates, and recruit more talents necessary to operate our business. Subsequent to the Global Offering, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timeline and commercialization of our drug candidates.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which are outside of our control, including the following:

Development and Commercialization of Our Drug Candidates

All of our drug candidates are still in development. Our ability to generate revenue and realize profitability depends on our ability to successfully complete the development of our drug candidates, obtain necessary regulatory approvals, and manufacture and commercialize our drug candidates. As of the Latest Practicable Date, we have identified and developed a pipeline of 11 drug candidates at different development stages, including Core Product TY-9591, Key Product TY-302, our internally developed Key Product TY-2136b, four other innovative clinical products and four products in preclinical stage or early clinical development stage. With respect to our Core Product, we are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations. We expect to complete patient enrollment for this clinical trial in the third quarter of 2024, and submit an application to the NMPA for conditional marketing approval in the first quarter of 2025. In addition, we are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation. We plan to complete patient enrollment for this clinical trial in the fourth quarter of 2024, and submit an NDA in the second half of 2026. For more details, see "Business" in this prospectus. Our business and results of operations depend on our drug candidates demonstrating favorable safety and efficacy clinical trial results, and our ability to obtain the requisite regulatory approvals for our drug candidates.

Although all of our drug candidates currently have not been approved for commercialization, and we have not generated any revenue from sales of our drug candidates, we expect to commercialize one or more of our drug candidates in the near future. Upon commercialization of our drug candidates, our business and results of operations will be driven by the market acceptance, sales of our commercialized drugs and our manufacturing capabilities to meet commercial demands. However, the commercialization may require significant marketing efforts and inputs before we are able to generate any revenue from sales of our drug candidates. If we fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, particularly research and development costs, administrative expenses and finance costs.

Research and development activities are central to our business model. Our research and development costs primarily consist of (i) trial and testing expenses for our drug candidates, primarily in relation to the engagement of CROs, CDMOs, principal investigators, and other service providers; (ii) staff costs mainly relating to salaries, bonus and other welfare for our research and development personnel; (iii) depreciation and amortization expenses in relation to our research and development equipment and instruments as well as intangible assets which were used for research and development purpose; (iv) costs of materials consumed in the course of our research and development activities; and (v) other research and development costs, mainly comprising travelling and transportation expenses of our research and development personnel, utilities incurred for our research and development activities and other miscellaneous expenses. In 2022 and 2023 and the three months ended March 31, 2023 and 2024, our research and development costs amounted to RMB229.8 million, RMB249.3 million, RMB55.0 million and RMB64.7 million, respectively.

Our current research and development activities mainly relate to the clinical advancement of our drug candidates. We expect our research and development costs to continue to increase for the foreseeable future as we move these drug candidates, either from preclinical studies to clinical trials, or further to more advanced clinical trials, and as we continue to support the clinical trials of our drug candidates as treatments for additional indications.

Our administrative expenses primarily include (i) staff costs mainly relating to salaries, bonus and other welfare for our administrative personnel; (ii) general office expenses mainly comprising office expenses, hospitality expenses, travelling and transportation expenses and utilities used for administrative purpose; (iii) depreciation and amortization expenses for offices, equipment and other assets used for administrative purpose; (iv) professional service fees mainly paid to legal advisors, auditors, asset valuers and recruitment consultants; (v) listing expenses in connection with the Global Offering; and (vi) other administrative expenses mainly including tax and surcharges and other miscellaneous expenses. In 2022 and 2023 and for the three months ended March 31, 2023 and 2024, our administrative expenses amounted to RMB33.5 million, RMB59.3 million, RMB10.2 million and RMB21.7 million, respectively.

Our finance costs primarily consisted of: (i) interest on lease liabilities; (ii) interest expenses of government funding, representing interests expenses recorded in relation to Changxing Investment (please see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Other Long-term Payables"); and (iii) transaction cost on issue of redemption liabilities on equity shares, representing consulting service fees in relation to the Series C Financing and Series D Financing. In 2022 and 2023 and the three months ended March 31, 2023 and 2024, our finance costs amounted to RMB15.5 million, RMB22.2 million, RMB2.1 million and RMB2.4 million, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. As the clinical trials of our drug candidates continue to progress and as we continue to enrich our pipeline products, we expect to incur additional costs in relation to preclinical study and clinical trial expenses, raw materials procurement, headcount expansion for our research and development team and manufacturing, among other things. Moreover, once our drug candidates receive marketing approvals and are commercialized, we are expected to dedicate our resources to sales and marketing. We plan to establish sales and marketing capabilities through a combination of in-house efforts and collaboration with external partners, all of which will incur selling expenses. Additionally, we anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing and borrowings. We expect to fund our future operations primarily with existing cash and cash equivalents, bank loans and net proceeds from the Global Offering. Going forward, in the event of a successful commercialization of one or more of our drug candidates, we expect to fund our operations with revenue generated from sales of our commercialized drug products. However, with the continuing expansion of our business and product pipelines, we may require further funding through public or private offerings, debt financings, collaboration arrangements, licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

Potential Competition Upon Commercialization

The industry in which we operate is highly competitive and rapidly changing. Although we focus on developing drug candidates with the potential to become novel or highly differentiated drugs, we face competition with respect to our current drug candidates and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future. For instance, our Core Product, TY-9591, upon potential commercialization approval, will face competition from existing EGFR-TKIs directed against the same molecular targets and approved for the same target indications. See "Industry Overview — EGFR-TKI Drugs Market."

Competition may further intensify as a result of advances in the commercial applicability of technologies and availability of capital for investment in the industry. Our competitors may succeed in developing, acquiring, or licensing on an exclusive basis, products that are more effective with a lower cost than our drug candidates, or achieve earlier patent protection, regulatory approvals, product commercialization and market penetration than we do. To compete with an approved product, we must demonstrate compelling advantages in efficacy, convenience, tolerability or safety in order to overcome price competition and to be commercially successful. Furthermore, disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates obsolete or noncompetitive. See "Risk Factors — Risks Relating to the Research and Development of Our Drug Candidates — We face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates."

BASIS OF PREPARATION

The historical financial information has been prepared based on the accounting policies set out in Note 2.3 to the Accountants' Report set out in Appendix I to the prospectus, which conform with the Hong Kong Financial Reporting Standards, or HKFRSs issued by the Hong Kong Accounting Standards Board, or HKASB. All HKFRSs effective for the accounting period commencing from January 1, 2022, together with the relevant transitional provisions, have been adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for redemption liabilities on equity shares and wealth management products which have been measured at fair value.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. Our material accounting policy information and significant accounting judgements and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report set out in Appendix I to this prospectus.

Material Accounting Policies

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Collaboration Revenue

At contract inception, we analyze the collaboration arrangements to assess whether they are within the scope of HKFRS 11 Joint Arrangements to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities.

In determining the appropriate amount of revenue to be recognized as we fulfil our obligations under each of the collaboration agreements, the management of the Company perform the five-step model under HKFRS 15. The collaboration arrangements may contain more than one unit of account, or performance obligation, including grants of licenses to intellectual property rights (the "**Licenses**"), agreements to provide research and development services and other deliverables. The collaborative arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licenses of Intellectual Property

Upfront non-refundable payments for Licenses are evaluated to determine if they are distinct from the other performance obligations identified in the arrangements. For Licenses determined to be distinct, we recognize revenues from non-refundable up-front fees allocated to the Licenses at a point in time, when the Licenses are transferred to the licensee and the licensee is able to use and benefit from the Licenses.

Research and Development Services

The portion of the transaction price allocated to research and development services performance obligations is deferred and recognized as collaboration revenue at the point in time when research and development services are rendered to customers.

Milestone Payments

At the inception of each arrangement that includes development milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The management of the Company will assess whether the variable consideration is fully constrained each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognized is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty with the approval process. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the Licenses are deemed to be the predominant item to which the royalties relate, we recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Other Income

Bank interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

We operate a restricted share scheme. Our employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 28 of the Accountants' Report set forth in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as of the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of restricted shares unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the historical financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; and

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Track Record Period.

Our most critical accounting policies are summarized below. See Note 2.3 to the Accountants' Report set out in Appendix I to this prospectus for a full description of our material accounting policy information.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and equipment	20% – 33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Track Record Period.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year/period the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents leasehold improvements and manufacturing plants, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible Assets (Other Than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Track Record Period.

Intangible assets are amortized on the straight-line basis over the following useful economic lives:

Intellectual property . . . . . 13 to 20 years

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Significant Accounting Judgements and Estimates

The preparation of our Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Revenue from Contracts with Customers

We applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligation under contracts which have bundled sales of the Licenses and research and development services

We have a contract which provides the Licenses together with preclinical research and development services to a customer. The Group determined that both the Licenses and research and development services are not distinct. The Group is providing a significant integration service because the presence of the Licenses and research and development services together in the contract result in a combined functionality. In addition, the Licenses and research and development services are highly interdependent or highly interrelated, because we would not be able to transfer the Licenses if the research and development services were not completed. Consequently, we combined the sales of the Licenses and research and development services as a single performance obligation.

(b) Determining the timing of satisfaction of the Licenses and research and development services

For the Licenses which the customer gets a right to use, revenue for the Licenses and research and development services is recognized at the point of time when the control of the Licenses is transferred to the customer and the customer is able to consume and benefit from the Licenses.

Our revenue is generated from the collaboration agreement with Livzon Pharmaceutical Group Inc., which generally contains multiple performance obligations including (1) grants of licenses to intellectual property rights; and (2) providing research and development services and other deliverables.

Research and Development Costs

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalized and deferred in accordance with the accounting policy for research and development costs in note 2.3 to the Accountants' Report set out in the Appendix I to this prospectus. Determining the amounts to be capitalized requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialized and bring economic benefits to the Company.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases — Estimating the Incremental Borrowing Rate

We cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as a subsidiary's stand-alone credit rating).

Impairment on Property, Plant and Equipment and Right-of-Use Assets

At the end of each year in the Track Record Period, the Group reviewed the carrying amounts of its property, plant and equipment, and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Our management has performed impairment testing over our property, plant and equipment and right-of-use assets according to Hong Kong Accounting Standard 36 and no indication of impairment was identified throughout the Track Record Period. Thus, our management evaluates the possibility that the carrying amount of our property, plant and equipment and right-of-use assets exceeds the recoverable amount is remote, and no impairment is provided throughout the Track Record Period.

Fair Value of Financial Instruments

The redemption liabilities on equity shares issued by us are not traded in an active market and the respective fair values are calculated as the higher of (i) the original investment principal from investors, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (referred as "**P+I**"); (ii) our net assets audited by an accountant firm with experience in securities practice that is selected by us and approved by the investors at the time of transfer held by the investors; and (iii) the investment principal plus the increase of our shareholders' equity held by the investors in proportion to the shareholding period. For more information, please see Note 33 to the Accountants' Report set out in Appendix I to this prospectus.

Recognition of Income Taxes and Deferred Tax Assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognized in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Performance-based Restricted Shares

We estimate the number of share awards contingently issuable when determining the share-based expenses, which depends on the achievement of certain non-market performance targets of the Group under the Employee Incentive Scheme (as defined in note 28 of the Accountants' Report set forth in Appendix I to this prospectus). This requires an estimation of the performance targets to be achieved by the Group, including completion of public offering. We recorded nil, RMB3,887,000, and RMB3,138,000 share-based payment compensation expenses during the years ended December 31, 2022 and 2023, and for the three months ended March 31, 2024.

OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	44,242	–	–	–
Cost of sales	(24,199)	–	–	–
Gross profit	**20,043**	**–**	**–**	**–**
Other income and gains	16,223	25,428	3,009	4,740
Research and development costs	(229,809)	(249,252)	(54,980)	(64,699)
Administrative expenses	(33,539)	(59,306)	(10,194)	(21,659)
Other expenses and losses	(102)	(15)	(5)	(70)
Finance costs	(15,506)	(22,236)	(2,137)	(2,361)
Change in fair value of redemption liabilities on equity shares	(69,112)	(77,790)	(18,907)	(23,729)
Loss before tax	**(311,802)**	**(383,171)**	**(83,214)**	**(107,778)**
Income tax expense	–	–	–	–
Loss for the year/period	**(311,802)**	**(383,171)**	**(83,214)**	**(107,778)**
Attributable to:				
Owners of the Company	(310,993)	(382,427)	(83,007)	(107,521)
Non-controlling interests	(809)	(744)	(207)	(257)
Total comprehensive loss for the year/period	**(311,802)**	**(383,171)**	**(83,214)**	**(107,778)**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, all of our revenue was derived from payments we received from Livzon in relation to TY-2136b, amounting to RMB44.2 million, nil, nil and nil, respectively, in 2022 and 2023 and the three months ended March 31, 2023 and 2024. See "Business — Collaboration Arrangement — Out-Licensing Arrangement With Livzon in Relation to the Development of TY-2136b." We recognized a total amount of RMB44.2 million received from Livzon as revenue in 2022, representing the total amount of upfront payment, three milestone payments and reimbursement for preclinical development costs we incurred for TY-2136b. We did not recognize any revenue from Livzon in 2023 and the three months ended March 31, 2024 as the next milestone that would trigger payment obligation of Livzon had not been reached as of March 31, 2024.

Cost of Sales

During the Track Record Period, our cost of sales was related to the research and development of TY-2136b, primarily including trial and testing expenses, staff costs, and cost of raw materials and consumables used. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Trial and testing expenses	20,330	–	–	–
Staff costs	3,171	–	–	–
Cost of raw materials and consumables used	467	–	–	–
Others	231	–	–	–
Total	**24,199**	**–**	**–**	**–**

Gross Profit and Gross Profit Margin

During the Track Record Period, our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB20.0 million in 2022, while our gross profit margin was 45.2% in 2022. As we generated no revenue and incurred no cost of sales in 2023 and the three months ended March 31, 2023 and 2024, we recorded nil gross profit in 2023 and the three months ended March 31, 2023 and 2024.

Other Income and Gains

During the Track Record Period, our other income primarily consisted of (i) government grants related to income, representing subsidies granted by the PRC local government authorities for our research and development activities and talent development, which had no condition or contingencies attached or were recognized upon compliance with the attached conditions; (ii) government grants related to interest-free financing, representing subsidies deemed to have been granted by Changxing Development Zone Administrative Committee in relation to Changxing Investment (see "— Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Deferred Income"); and (iii) interest income on bank deposits. Our gains primarily consisted of (i) investment income on financial assets at FVTPL, representing realized gains on wealth management products purchased by us; and (ii) fair value gain or loss on financial assets at FVTPL, representing unrealized gains or losses on wealth management products purchased by us. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other Income				
Government grants related to income	6,621	16,245	181	2,303
Government grants related to interest-free financing	1,890	6,075	1,373	1,709
Bank interest income	2,023	700	240	428
Gains				
Investment income on financial assets at FVTPL	5,348	3,025	1,568	12
Gain/(loss) on fair value changes of financial assets at FVTPL	341	(726)	(353)	286
Gain on termination of a lease contract	–	8	–	2
Gain on exchange differences	–	101	–	–
Total	**16,223**	**25,428**	**3,009**	**4,740**

Research and Development Costs

During the Track Record Period, our research and development costs consisted of (i) trial and testing expenses for our drug candidates, primarily in relation to the engagement of CROs, CDMOs, principal investigators, and other service providers; (ii) staff costs mainly relating to salaries, bonus and other welfare for our research and development personnel; (iii) depreciation and amortization expenses in relation to our research and development equipment

andinstruments, as well as intangible assets which were used for research and development purpose; (iv) costs of materials consumed in the course of our research and development activities; and (v) other research and development costs, mainly comprising travelling and transportation expenses of our research and development personnel, utilities incurred for our research and development activities and other miscellaneous expenses. The following table sets forth a breakdown of our research and development costs for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Trial and testing expenses	163,400	176,191	37,185	45,879
Staff costs	38,564	45,650	11,018	9,782
Depreciation and amortization expenses	11,881	18,194	4,380	4,875
Materials consumed	9,488	4,611	1,675	550
Others	6,476	4,606	722	3,613
Total	**229,809**	**249,252**	**54,980**	**64,699**

Our research and development costs attributable to our Core Product were RMB84.3 million, RMB129.9 million, RMB20.4 million and RMB49.4 million, in 2022 and 2023 and the three months ended March 31, 2023 and 2024, respectively, accounting for 32.0%, 42.1%, 31.3% and 57.2% of our total operating expenses (i.e. research and development costs and administrative expenses) in the respective period.

The following table sets forth the clinical development expenses (namely, research and development costs, excluding staff costs and depreciation and amortization expenses) attributable to the Core Product during the Track Record Period by development stage:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Phase I	18,358	9,770	1,045	2,431
Phase II	9,638	4,822	1,053	991
Pivotal Phase II	–	19,508	–	24,775
Phase III	47,422	86,910	16,555	14,372
Total	**75,418**	**121,010**	**18,653**	**42,569**

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) staff costs mainly relating to salaries, bonus and other welfare for our administrative personnel; (ii) general office expenses mainly comprising office expenses, hospitality expenses, travelling and transportation expenses, and utilities used for administrative purpose; (iii) depreciation and amortization expenses for offices, equipment and other assets which were used for administrative purpose; (iv) professional service fees mainly paid to legal advisors, auditors, asset valuers and recruitment consultants; (v) listing expenses in connection with the Global Offering; and (vi) other administrative expenses mainly including tax and surcharges and other miscellaneous expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Staff costs	19,596	25,181	4,841	6,961
General office expenses	5,755	6,487	1,731	2,185
Depreciation and amortization expenses	2,680	9,357	2,245	2,346
Professional service fees	3,290	7,792	631	558
Listing expenses	–	8,004	–	7,689
Others	2,218	2,485	746	1,920
Total	**33,539**	**59,306**	**10,194**	**21,659**

Other Expenses and Losses

During the Track Record Period, our other expenses and losses primarily consisted of donations to not-for-profit organizations, and loss on disposals of property, plant and equipment. Our other expenses and losses amounted to RMB102,000, RMB15,000, RMB5,000 and RMB70,000 in 2022 and 2023 and the three months ended March 31, 2023 and 2024, respectively.

Specifically, donations to not-for-profit organizations represent our one-off donations to different not-for-profit organizations, such as colleges and charity organizations. For example, in August 2022, we donated RMB50,000 to Huzhou University (湖州師範學院) to support its hosting of the 13th College Chemistry Competition in Zhejiang Province. The significantly more donations made in 2022 is a one-off event. All the not-for-profit organizations which received donations from us during the Track Record Period are Independent Third Parties.

Finance Costs

During the Track Record Period, our finance costs primarily consisted of: (i) interest on lease liabilities; (ii) interest expenses of government funding, representing deemed interests expenses recorded in relation to Changxing Investment (please see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Other Long-term Payables"); and (iii) transaction cost on issue of redemption liabilities on equity shares, representing consulting service fees in relation to the Series C Financing and Series D Financing. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	1,094	2,358	694	414
Interest expenses of government funding	2,162	6,370	1,443	1,786
Transaction cost on issue of redemption liabilities on equity shares	12,250	13,508	–	–
Interest on bank loans	–	–	–	161
Total	**15,506**	**22,236**	**2,137**	**2,361**

Change in Fair Value of Redemption Liabilities on Equity Shares

During the Track Record Period, our change in fair value of redemption liabilities on equity shares represented fair value losses on the Shares held by Pre-IPO Investors. For more details, please see "History, Development and Corporate Structure — Establishment and Development of Our Company." The Shares held by Pre-IPO Investors are designated as financial liabilities carried at FVTPL. They are initially recognized at fair value and the increases in the fair value are recognized as fair value losses on the consolidated statements of profit or loss and comprehensive income. We expect to continue to recognize fair value losses on the Shares held by Pre-IPO Investors for the period from March 31, 2024 to the date when the redemption right granted to our Pre-IPO Investors was terminated, and we do not expect to recognize any loss or gain on fair value changes of redemption liabilities on equity shares thereafter. For more details, see Note 22 of the Accountants' Report set forth in Appendix I to this prospectus.

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate. We did not record any income tax expense during the Track Record Period. This is due to the fact that our costs and expenses were significantly higher than our taxable income for those periods. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Under the Law of the PRC on Enterprise Income Tax, or the EIT Law, and Implementation Regulation of the EIT Law, the tax rate of our PRC subsidiaries is 25% during the Track Record Period. Our Company has been accredited as a "High and New Technology Enterprise" and enjoys a preferential tax rate of 15% for a term of three years starting from 2022.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2024 Compared With Three Months Ended March 31, 2023

Revenue

Our revenue remained nil for the three months ended March 31, 2023 and 2024, respectively, primarily because the next milestone that would trigger payment obligation of Livzon had not been reached as of March 31, 2024.

Cost of Sales

Our cost of sales remained nil for the three months ended March 31, 2023 and 2024, respectively, primarily because we did not recognize revenue for the three months ended March 31, 2023 and 2024.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit remained nil for the same periods.

Other Income and Gains

Our other income and gains increased by 56.7% from RMB3.0 million for the three months ended March 31, 2023 to RMB4.7 million for the three months ended March 31, 2024, primarily due to an increase in government grants related to income of RMB2.1 million from PRC local government authorities for our research and development activities and talent development; partially offset by a decrease in investment income on financial assets at FVTPL of RMB1.6 million mainly due to a decrease in the scale of our investment in wealth management products.

Research and Development Costs

Our research and development costs increased by 17.6% from RMB55.0 million for the three months ended March 31, 2023 to RMB64.7 million for the three months ended March 31, 2024, primarily driven by the advancement of our research and development activities.

Administrative Expenses

Our administrative expenses increased by 112.7% from RMB10.2 million for the three months ended March 31, 2023 to RMB21.7 million for the three months ended March 31, 2024 primarily due to (i) an increase in listing expenses of RMB7.7 million; and (ii) an increase in staff costs of RMB2.1 million mainly attributable to increased compensation level.

Other Expenses and Losses

Our other expenses and losses increased from RMB5,000 for the three months ended March 31, 2023 to RMB70,000 for the three months ended March 31, 2024, primarily due to penalty payment of RMB70,000 as a result of Shanghai Yabao's early termination of its lease agreement.

Finance Costs

Our finance costs increased by 14.3% from RMB2.1 million for the three months ended March 31, 2023 to RMB2.4 million for the three months ended March 31, 2024, primarily due to (i) an increase in interest expenses of government funding of RMB0.3 million mainly attributable to an increase in the outstanding balance of Changxing Investment; and (ii) an increase in interest in bank loans of RMB0.2 million.

Change in Fair Value of Redemption Liability on Equity Shares

The change in fair value of redemption liabilities on equity shares increased by 25.4% from RMB18.9 million for the three months ended March 31, 2023 to RMB23.7 million for the three months ended March 31, 2024, primarily due to an increase in the fair value of our Shares held by Pre-IPO Investors mainly driven by the completion of the Series D Financing.

Loss for the Period

For the reasons described above, our loss for the period increased from RMB83.2 million for the three months ended March 31, 2023 to RMB107.8 million for the three months ended March 31, 2024.

Year Ended December 31, 2023 Compared With Year Ended December 31, 2022

Revenue

Our revenue decreased significantly from RMB44.2 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023 primarily because we recognized payments received from Livzon in connection with TY-2136b as revenue in 2022 and the next milestone that would trigger payment obligation of Livzon had not been reached as of December 31, 2023.

Cost of Sales

Our cost of sales decreased significantly from RMB24.2 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023, primarily because we recognized all research and development costs incurred for fulfilling our obligations in relation to TY-2136b under the Livzon Agreement as cost of sales in the year ended December 31, 2022.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit significantly decreased from RMB20.0 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023, and our gross profit margin changed from 45.2% to nil for the same years.

Other Income and Gains

Our other income and gains increased by 56.8% from RMB16.2 million for the year ended December 31, 2022 to RMB25.4 million for the year ended December 31, 2023, primarily due to (i) an increase in government grants related to income of RMB9.6 million from PRC local government authorities for our research and development activities and talent development; and (ii) an increase in government grants related to interest-free financing of RMB4.2 million mainly attributable to an increase in the outstanding balance of Changxing Investment.

Research and Development Costs

Our research and development costs increased by 8.5% from RMB229.8 million for the year ended December 31, 2022 to RMB249.3 million for the year ended December 31, 2023, primarily driven by the advancement of our research and development activities.

Administrative Expenses

Our administrative expenses increased by 77.0% from RMB33.5 million for the year ended December 31, 2022 to RMB59.3 million for the year ended December 31, 2023, primarily due to (i) an increase in listing expenses of RMB8.0 million; and (ii) an increase in staff costs of RMB5.6 million mainly attributable to increased compensation level.

Other Expenses and Losses

Our other expenses and losses decreased from RMB102,000 for the year ended December 31, 2022 to RMB15,000 for the year ended December 31, 2023, primarily because we made a larger amount of donations in 2022 as compared with 2023.

Finance Costs

Our finance costs increased by 43.2% from RMB15.5 million for the year ended December 31, 2022 to RMB22.2 million for the year ended December 31, 2023, primarily due to an increase in interest expenses of government funding of RMB4.2 million mainly attributable to an increase in the outstanding balance of Changxing Investment.

Change in Fair Value of Redemption Liability on Equity Shares

The change in fair value of redemption liabilities on equity shares increased by 12.6% from RMB69.1 million for the year ended December 31, 2022 to RMB77.8 million for the year ended December 31, 2023, primarily due to an increase in the fair value of our Shares held by Pre-IPO Investors mainly driven by the completion of the Series D Financing.

Loss for the Year

For the reasons described above, our loss for the period increased from RMB311.8 million for the year ended December 31, 2022 to RMB383.2 million for the year ended December 31, 2023.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Restricted bank deposit	4,672	4,683	4,686
Property, plant and equipment	82,648	157,510	158,447
Right-of-use assets	107,548	92,335	88,404
Intangible assets	73,730	68,071	66,657
Prepayments and other receivables	15,033	16,830	24,215
Total non-current assets	283,631	339,429	342,409
Current assets			
Prepayments and other receivables	30,073	40,387	48,089
Financial assets at fair value through profit and loss ("**FVTPL**")	152,727	6,001	75,287
Restricted bank deposit	1,168	491	–
Cash and cash equivalents	90,762	186,830	137,208
Total current assets	274,730	233,709	260,584
LIABILITIES			
Current liabilities			
Trade and other payables	56,214	133,429	100,140
Redemption liabilities on equity shares	882,534	1,145,324	1,169,053
Interest-bearing bank and other borrowings	–	–	80,488
Lease liabilities	23,492	22,226	22,626
Total current liabilities	962,240	1,300,979	1,372,307
Net current liabilities	(687,510)	(1,067,270)	(1,111,723)
Non-current liabilities			
Deferred income	24,828	48,281	53,149
Other long-term payables	39,584	84,408	93,933
Lease liabilities	32,458	19,503	18,277
Total non-current liabilities	96,870	152,192	165,359
Net liabilities	(500,749)	(880,033)	(934,673)
Capital and reserves			
Share capital	287,989	307,356	322,956
Reserves	(793,929)	(1,191,836)	(1,261,819)
Controlling interests	(505,940)	(884,480)	(938,863)
Non-controlling interests	5,191	4,447	4,190
Total deficit	(500,749)	(880,033)	(934,673)

Our net liabilities increased from RMB500.7 million as of December 31, 2022 to RMB880.0 million as of December 31, 2023, primarily attributable to total comprehensive loss of RMB383.2 million mainly driven by the research and development costs we incurred and an increase in fair value of the Shares held by Pre-IPO Investors. Our net liabilities further increased from RMB880.0 million as of December 31, 2023 to RMB934.7 million as of March 31, 2024, primarily attributable to total comprehensive loss of RMB107.8 million mainly driven by the research and development costs and administrative expenses we incurred and an increase in fair value of the Shares held by Pre-IPO Investors, partially offset by the issue of new Shares of RMB50.0 million.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of March 31,	As of June 28,
	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets				
Prepayments and other receivables	30,073	40,387	48,089	41,133
Financial assets at fair value through profit and loss ("**FVTPL**")	152,727	6,001	75,287	53,264
Restricted bank deposit	1,168	491	–	–
Cash and cash equivalents	90,762	186,830	137,208	105,044
Total current assets	274,730	233,709	260,584	199,441
Current liabilities				
Trade and other payables	56,214	133,429	100,140	113,829
Redemption liabilities on equity shares	882,534	1,145,324	1,169,053	1,192,783
Interest-bearing bank and other borrowings	–	–	80,488	80,480
Lease liabilities	23,492	22,226	22,626	23,133
Total current liabilities	962,240	1,300,979	1,372,307	1,410,225
Net current liabilities	(687,510)	(1,067,270)	(1,111,723)	(1,210,784)

Our net current liabilities increased from RMB687.5 million as of December 31, 2022 to RMB1,067.3 million as of December 31, 2023, primarily attributable to (i) an increase in redemption liabilities on equity shares of RMB262.8 million mainly due to an increase in fair value of the Shares held by Pre-IPO Investors; and (ii) a decrease in financial assets at FVTPL of RMB146.7 million mainly due to the redemption of certain wealth management products in 2023.

Our net current liabilities remained relatively stable at RMB1,067.3 million as of December 31, 2023 and RMB1,111.7 million as of March 31, 2024.

We maintained net liability and net current liability positions during the Track Record Period, primarily due to the recognition of redemption liabilities on equity shares as our current liabilities (amounting to RMB1,169.1 million as of March 31, 2024). The financial liabilities at FVTPL we recorded as redemption liabilities on equity shares will be re-designated from liabilities to equity as a result of the termination of all special rights of the Pre-IPO Investors upon the Listing (see "History, Development and Corporate Structure — Principal Terms of the Pre-IPO Investments" for more details). As a result, our redemption liabilities on equity shares will be re-designated from liabilities to equity. Considering the re-designation of redemption liabilities on equity shares and the estimated net proceed from the Global Offering, we expect our net liability and net current liability positions to turn into net asset and net current asset positions upon the completion of the Global Offering.

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily included (i) furniture and equipment; (ii) leasehold improvements; and (iii) construction in progress. Our property, plant and equipment significantly increased from RMB82.6 million as of December 31, 2022 to RMB157.5 million as of December 31, 2023, primarily due to an increase in construction in progress of RMB74.2 million mainly in relation to the construction of our new laboratories and manufacturing facility in Changxing Economic Development Zone, Huzhou, Zhejiang. Our property, plant and equipment remained relatively stable at RMB157.5 million as of December 31, 2023 and RMB158.4 million as of March 31, 2024. The following table sets out our property, plant and equipment as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Furniture and equipment	11,864	9,843	8,925
Leasehold improvements	5,787	8,501	12,749
Construction in progress	64,997	139,166	136,773
Total	**82,648**	**157,510**	**158,447**

Right-of-Use Assets

During the Track Record Period, our right-of-use assets primarily arose from (i) our land use rights; and (ii) office premises and laboratory equipment. Our right-of-use assets decreased from RMB107.5 million as of December 31, 2022 to RMB92.3 million as of December 31, 2023, mainly due to a decrease in office premises and laboratory equipment of RMB13.2 million mainly due to the depreciation charge of the leased assets. Our right-of-use assets further decreased from RMB92.3 million as of December 31, 2023 to RMB88.4 million as of March 31, 2024, primarily due to a decrease in office premises and laboratory equipment of RMB3.4 million mainly due to the depreciation charge of the leased assets. The following table sets out our right-of-use assets as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Land use right	55,913	53,876	53,367
Office premises and laboratory equipment	51,635	38,459	35,037
Total	**107,548**	**92,335**	**88,404**

Intangible Assets

During the Track Record Period, our intangible assets primarily represented our intellectual property rights. Our intangible assets decreased from RMB73.7 million as of December 31, 2022 to RMB68.1 million as of December 31, 2023, and further decreased to RMB66.7 million as of March 31, 2024 primarily due to the amortization of our intellectual property rights.

Intangible assets are tested for impairment based on the recoverable amount of the cash-generating unit ("**CGU**") to which the intangible asset is related. The appropriate CGU is at the product level. During the Track Record Period, the intangible assets represented intellectual properties and technologies for TY-302. The recoverable amount of TY-302 CGU was determined based on its fair value less costs of disposal. The fair value of the intangible assets was estimated using the market approach.

The estimated revenue of TY-302 is based on peak-sales multiple and management's expectations of timing of commercialization and success rate of commercialization of TY-302. Our management estimates that TY-302 will be able to generate revenue from 2029 to 2039, with a growing trend in its revenue in the first six years, and reach its peak sales in 2035 and 2036. The peak-sales multiple, ranging from 3.3 to 3.7, was calculated based on comparable transactions and the expected peak sales and market penetration of the product. The expected success rate of commercialization of TY-302, ranging from 21.6% to 54.9%, was determined based on market practices in the pharmaceutical industry, development of technologies and related regulations from authorities. The post-tax discount rate used, ranging from 13.7% to 15.6%, reflects specific risks relating to TY-302.

The following tables set forth a summary of key parameters to the valuation of intangible asset together with a quantitative sensitivity analysis and headroom during the Track Record Period:

As of December 31, 2022

Key parameters		Sensitivity for fair value to the input	Headroom
			(RMB'000)
Peak-sales multiple	3.7	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB8,648,000.	
Expected success rate of commercialization of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialization of TY-302 would result in increase/(decrease) in fair value by RMB8,648,000.	16,204
Expected success rate of commercialization of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate . .	15.6%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(15,142,000)/RMB16,714,000.	

As of December 31, 2023

Key parameters		Sensitivity for fair value to the input	Headroom
			(RMB'000)
Peak-sales multiple	3.4	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB10,573,000.	
Expected success rate of commercialization of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialization of TY-302 would result in increase/(decrease) in fair value by RMB10,573,000.	51,513
Expected success rate of commercialization of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate . .	14.4%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(16,105,000)/RMB17,549,000.	

As of March 31, 2024

Key parameters		Sensitivity for fair value to the input	Headroom
			(RMB'000)
Peak-sales multiple	3.3	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB11,492,000.	
Expected success rate of commercialization of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialization of TY-302 would result in increase/(decrease) in fair value by RMB11,492,000.	63,148
Expected success rate of commercialization of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate	13.7%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(8,808,000)/RMB9,445,000.	

Our management believes that, any reasonably possible change in the key parameters would not cause the CGU's carrying amount to exceed its recoverable amount.

Based on the result of the impairment tests on TY-302 CGU, the intangible assets were not impaired during the Track Record Period.

Prepayments and Other Receivables

During the Track Record Period, our prepayments and other receivables primarily included (i) value-added tax recoverable; (ii) prepayments for long-term assets, representing prepayments for our leased premises; (iii) rental deposits; (iv) prepayments for research and development services, representing prepayments to service providers for our preclinical and clinical research and development; and (v) deferred listing expense in relation to the Global Offering. The following table sets out our prepayments and other receivables as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Value-added tax recoverable	7,455	14,975	18,668
Prepayments for long-term assets	6,205	274	3,914
Rental deposits	1,373	1,581	1,633
Current			
Prepayments for research and development services	28,217	33,202	36,267
Deferred listing expense	–	5,391	9,502
Others	1,856	1,794	2,320
Total	**45,106**	**57,217**	**72,304**

Our prepayments and other receivable increased from RMB45.1 million as of December 31, 2022 to RMB57.2 million as of December 31, 2023, primarily due to (i) an increase in value-added tax recoverable of RMB7.5 million mainly attributable to an increase in deductable input tax; (ii) an increase in deferred listing expense of RMB5.4 million in relation to the Global Offering; and (iii) an increase in prepayments for research and development services of RMB5.0 million mainly driven by the advancement of our research and development activities. This increase was partially offset by a decrease in prepayments for long-term assets of RMB5.9 million mainly attributable to the near completion of our construction projects. Our prepayments and other receivables further increased from RMB57.2 million as of December 31, 2023 to RMB72.3 million as of March 31, 2024, primarily due to (i) an increase in deferred listing expense of RMB4.1 million in relation to the Global Offering; (ii) an increase in value-added tax recoverable of RMB3.7 million mainly attributable to an increase in deductible input tax; (iii) an increase in prepayments for long-term assets of RMB3.6 million mainly associated with repair and maintenance of R&D equipment and instruments; and (iv) an increase in prepayments for research and development services of RMB3.1 million mainly driven by the advancement of our research and development activities.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL represented investments in wealth management products, namely, short-term and principal guaranteed structured deposits issued by commercial banks in China, with expected but not guaranteed rates of return ranging from 1.1% to 2.8% per year. In accordance with our risk management and investment strategy, we manage and evaluate the performance of these investments on a fair value basis and therefore these investments are designated as financial assets at FVTPL.

Our financial assets at FVTPL decreased from RMB152.7 million as of December 31, 2022 to RMB6.0 million as of December 31, 2023, primarily due to the redemption of certain wealth management products in 2023. Our financial assets increased from RMB6.0 million as of December 31, 2023 to RMB75.3 million as of March 31, 2024, as we purchased new wealth management products in the first quarter of 2024. For more details, see Note 19 of the Accountants' Report set forth in Appendix I to this prospectus.

We purchase wealth management products as an supplemental mean to improve utilization of our cash on hand on a short-term basis. We believe that making such investments is in the best interest of the Company, and we can make better use of our cash by utilizing principal guaranteed structured deposits, to enhance our income without interfering with our business operations or capital expenditures. The purchases of wealth management products are subject to the approval of our investment review committee, and the purchases are carefully reviewed and assessed by the staff in our finance department with financial management or accounting background. Additionally, we have established a set of risk management and capital preservation investment policy, and have implemented a series of internal control measures regarding our investment in wealth management products. These policies and measures include:

- our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as the duration of the investment and the expected returns;

- we only purchase low-risk wealth management products issued by qualified financial institutions, and in any given period, we invest in products provided by multiple issuers to mitigate concentration risks;

- our finance department, subject to the review and approval of our finance manager, is responsible for the overall execution of our short-term investments, including risk assessment; and

- after making an investment, we closely monitor its performance and fair value on a regular basis.

In the future, we may continue to purchase low-risk wealth management products with a short maturity period based on surplus cash situation to maximize our capital utilization efficiency. Our investments in wealth management products will be subject to the compliance with the requirements under Chapter 14 of the Listing Rules.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily represented cash and bank balances and time deposits with deposit term of six months dominated in RMB. Our cash and cash equivalents increased from RMB90.8 million as of December 31, 2022 to RMB186.8 million as of December 31, 2023. Our cash and cash equivalents decreased from RMB186.8 million as of December 31, 2023 to RMB137.2 million as of March 31, 2024. For an analysis on cash flows during the Track Record Period, see "— Liquidity and Capital Resources."

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	90,762	186,830	77,208
Time deposits over three months	–	–	60,000
Total	**90,762**	**186,830**	**137,208**

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily consisted of: (i) trade payables in relation our research and development activities; (ii) payroll payables to our employees; (iii) accrued expenses for research and development services, representing amounts payable to service providers for our preclinical and clinical research and development; (iv) accrued listing expense in connection with the Global Offering; (v) other taxes payables; (vi) payables for property, plant and equipment, which were mainly in connection with the construction of our new laboratories and manufacturing facility in Changxing; (vii) payables for transaction cost on issue of redemption liabilities on equity shares. The following table sets out our trade and other payables as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	9,664	32,167	22,063
Payroll payables	4,350	10,253	3,691
Accrued expenses for research and development services	16,351	36,688	40,902
Accrued listing expense	–	3,868	4,478
Other taxes payables	2,053	459	12
Other payables:			
– Payables for property, plant and equipment	23,522	32,671	26,878
– Payables for transaction cost on issue of redemption liabilities on equity shares	–	13,508	–
– Others	274	3,815	2,116
Total	**56,214**	**133,429**	**100,140**

Our trade and other payables increased from RMB56.2 million as of December 31, 2022 to RMB133.4 million as of December 31, 2023, mainly due to (i) an increase in trade payables of RMB22.5 million mainly driven by the advancement of our research and development activities; (ii) an increase in accrued expenses for research and development services of RMB20.3 million primarily driven by the advancement of our research and development activities; and (iii) an increase in payables for transaction cost on issue of redemption liabilities on equity shares of RMB13.5 million, which was attributable to the consulting service fees payable in relation to the Series D Financing. Our trade and other payables decreased from RMB133.4 million as of December 31, 2023 to RMB100.1 million as of March 31, 2024, primarily due to (i) a decrease in payables for transaction cost on issue of redemption liabilities on equity shares of RMB13.5 million as we settled the consulting service fees in relation to Series D Financing in the first quarter of 2024; (ii) a decrease in trade payables of RMB10.1 million as we settled a portion of our trade payables in the first quarter of 2024; and (iii) a decrease in payroll payables of RMB6.6 million as we paid bonuses for 2023 to our employees in the first quarter of 2024.

The following table sets forth an aging analysis of our trade payables based on the invoice dates as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within three months	9,471	28,406	16,330
Three to six months	151	3,403	4,678
Six months to one year	–	356	991
Over one year	42	2	64
Total	**9,664**	**32,167**	**22,063**

Our Directors confirmed that there had been no material defaults in payment of trade and other payables during the Track Record Period and up to the Latest Practicable Date.

Redemption Liabilities on Equity Shares

Redemption liabilities on equity shares represent the redemption liabilities of the equity shares we issued to our Pre-IPO Investors. We classified such Shares held by Pre-IPO Investors as financial liabilities measured at FVTPL, which amounted to RMB882.5 million, RMB1,145.3 million and RMB1,169.1 million as of December 31, 2022, December 31, 2023 and March 31, 2024, respectively. The increase was primarily resulted from an increase in the fair value of our Shares held by Pre-IPO Investors, which was mainly driven by the completion of the Series D Financing. For more details, see "History, Development and Corporate Structure — Establishment and Development of Our Company." For details on the fair value determination of the Shares held by Pre-IPO Investors, please see "Material Accounting Policies and Significant Accounting Judgements and Estimates — Significant Accounting Judgements and Estimates — Estimation Uncertainty — Fair Value of Financial Instruments" in this section and Note 22 of the Accountants' Report set forth in Appendix I to this prospectus.

The fair value of a redemption liability on equity shares is calculated as the higher of (i) P+I; (ii) the net assets of the company held by the investors; and (iii) the investment principal plus the increase of the shareholders' equity of the company held by the investors in proportion to the shareholding period. For more information, see Note 33 to the Accountants' Report set out in the Appendix I to this prospectus.

Details of the fair value measurement of financial liabilities at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in Note 33 to the Accountants' Report set out in the Appendix I to this prospectus. The reporting accountant has carried out audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's historical financial information for the Track Record Period as a whole in Appendix I to this prospectus. The reporting accountants' opinion on the historical financial information of our Group for the Track Record Period is set out on page I-2 of Appendix I to this prospectus.

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings primarily consisted of loans from commercial banks in China. Our interest-bearing bank and other borrowings amounted to nil, nil and RMB80.5 million, respectively, as of December 31, 2022 and 2023 and March 31, 2024. In the first quarter of 2024, we entered into four unsecured short-term bank loans with three commercial banks in Zhejiang Province, with effective interest rates ranging from 3.6% to 3.9% per annum. The loan agreements in relation to such bank loans contained standard terms, conditions and covenants that are customary for commercial bank loans.

Lease Liabilities

Our lease liabilities were in relation to equipment and properties that we leased for our business operations. We recognized lease liabilities in respect of all of our leases, except for short-term leases and leases of low-value assets. Our lease liabilities decreased from RMB56.0 million as of December 31, 2022 to RMB41.7 million as of December 31, 2023 mainly because of the timely lease payments we made. Our lease liabilities remained relatively stable at RMB41.7 million as of December 31, 2023 and RMB40.9 million as of March 31, 2024.

The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current	32,458	19,503	18,277
Current	23,492	22,226	22,626
Total	**55,950**	**41,729**	**40,903**

Deferred Income

During the Track Record Period, our deferred income primarily consisted of (i) government grants related to interest-free financing (see "— Other Long-term Payables" below), which will be subsequently released to the profit or loss on a straight-line basis over the 7.5-Year Period (as defined below); and (ii) government grants related to income, representing subsidies granted by the PRC local government authorities for our research and development activities, which will be recognized in profit or loss after we fulfill certain project acceptance requirements set by the PRC local government authorities. Our deferred income increased from RMB24.8 million as of December 31, 2022 to RMB48.3 million as of December 31, 2023, primarily due to an increase in the outstanding balance of Changxing Investment. Our deferred income further increased from RMB48.3 million as of December 31, 2023 to RMB53.1 million as of March 31, 2024, primarily due to (i) an increase in government grants related to interest-free financing of RMB2.6 million mainly attributable to an increase in the outstanding balance of Changxing Investment; and (ii) an increase in government grants related to income of RMB2.3 million from PRC local government authorities for our research and development activities and talent development. The following table sets out our deferred income as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to interest-free financing	24,828	45,299	47,851
Government grants related to income	–	2,982	5,298
Total	**24,828**	**48,281**	**53,149**

Other Long-term Payables

During the Track Record Period, our other long-term payables represented government funding we received from the Administrative Committee of Changxing Economic and Technological Development Zone (長興經濟技術開發區管理委員會) ("**Changxing Development Zone Administrative Committee**") pursuant to an investment agreement we entered into with the Changxing Development Zone Administrative Committee in March 2021 ("**Changxing Investment Agreement**"). In addition, to elaborate on the details of the investment, the aforementioned parties also signed supplemental agreements in March 2021 and November 2022 (collectively with Changxing Investment Agreement, the "**Cooperation Agreements**"). Pursuant to such Cooperation Agreements, Changxing Xingkang Equity Investment Partnership (Limited Partnership) (長興興康股權投資合夥企業(有限合夥)) ("**CX Xingkang**"), a local industrial fund in Huzhou, Zhejiang, shall subscribe for certain equity interest in our project company, as a way to provide financial support for our manufacturing project in Changxing.

Key terms of the Cooperation Agreements are as follows:

- **Manufacturing Project**. We will establish a project company (the "**Project Company**") in Changxing and build a cGMP-compliant manufacturing facility there for the production of our future drugs. The Project Company shall be responsible for the construction and future operations of the Facility.

- **Land Use Right**. For establishing such a manufacturing facility, we will participate in the public auction held by Natural Resources and Planning Department of Changxing (長興縣自然資源和規劃局) (the "**NRPDC**") in order to obtain the land use right of a parcel of land in Changxing (the "**Auction**").

- **Our Main Obligations**. We shall make sure the Project Company will be duly established in Changxing. We shall aim to pass the cGMP-compliance inspection and obtain the drug manufacturing license by December 31, 2025, and Changxing Development Zone Administrative Committee is entitled to request us to return the total Investment Amount we received if we fail to do so.

- **Changxing Investment**. Changxing Development Zone Administrative Committee agrees to provide us financial support in consideration of the national favorable policies for biomedical related businesses, as well as our investment scale in Changxing and our future development prospects. In doing so, CX Xingkang agrees to, under the instructions of the Changxing Development Zone Administrative Committee, subscribe for registered capital of RMB6.0 million (representing a 30% equity interest) in the Project Company ("**Changxing Investment**"), with a total payment of up to RMB220.0 million (the "**Investment Amount**").

- **Pledge**. There is no pledged asset for Changxing Investment.

- **Redemption**. Upon expiry of a period of seven and a half years from the date on which we won the Auction (the "**7.5-Year Period**"), the Project Company shall redeem the equity interest held by CX Xingkang, with the redemption price equaling to the Investment Amount (the "**Redemption**").

Furthermore, we established Changxing Kangyuan as the Project Company in March 2021. Changxing Kangyuan won the Auction and signed a state-owned construction land use right transfer contract (the "**Land Agreement**") with NRPDC with a land premium of RMB25.9 million in June 2021. Pursuant to the Land Agreement, the relevant parcel of land has a site area of 46,139 sq.m. with the term of land use right being 50 years (namely, September 2021 to September 2071). We have obtained the land use right certificate for such parcel of land. As of the Latest Practicable Date, we were in the process of establishing our cGMP-compliant manufacturing facility. See "Business — Manufacturing and Control — Manufacturing Facility" for more details.

CX Xingkang and Changxing Kangyuan, us and Dr. Wu entered into a capital increase agreement in June 2021, pursuant to which CX Xingkang agrees to subscribe for 30% of the equity interest in Changxing Kangyuan with a payment of up to RMB220.0 million, while upon expiry of the 7.5-Year Period, Changxing Kangyuan shall redeem the equity interest held by CX Xingkang, with the redemption price equaling to the Investment Amount. Failure to pay the redemption price in full within a period of seven months following the expiry of the 7.5-Year Period may result in default interests calculated based on the prevailing interbank loan interest rates. We plan to pay the redemption price with our cash generated through future sales of successfully commercialized drugs. Dr. Wu has agreed to assume joint liability for CX Xingkang's redemption obligation.

In July 2021, June 2022, January 2023 and February 2024, Changxing Kangyuan received an amount of RMB26.9 million, RMB40.0 million, RMB65.0 million and RMB12.0 million, respectively, from CX Xingkang. Due to the nature of the Changxing Investment, the amounts we received from CX Xingkang were recorded as a financial liability measured based on present value and recognized as other long-term payables in our consolidated statements of financial position. Our other long-term payables amounted to RMB39.6 million, RMB84.4 million, and RMB93.9 million as of December 31, 2022 and 2023 and March 31, 2024, respectively.

In addition, we recorded interest expenses in connection with such liability calculated by using the effective interest method, which were recognized as interest expenses of government funding and amounted to RMB2.2 million, RMB6.4 million and RMB1.8 million, respectively, in 2022 and 2023 and the three months ended March 31, 2024. These amounts were also credited to our consolidated statements of financial position and thus resulted in increased balance of such liability.

Furthermore, given no actual interest payment will be made to CX Xingkang, we were deemed to benefit from the interest-free nature of the Changxing Investment, and we were thus deemed to have received government grants from the Changxing Development Zone Administrative Committee in connection with the Changxing Investment. As such, we have recorded deemed interest expenses calculated by using the effective interest method and recognized as government grants related to interest-free financing in our consolidated statements of financial position, amounting to RMB24.8 million, RMB45.3 million and RMB47.9 million, respectively, as of December 31, 2022 and 2023 and March 31, 2024.

For more information, please see Notes 24 and 25 to the Accountants' Report set out in Appendix I to this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary sources of liquidity consist of cash and cash equivalents, which we have historically generated primarily through equity financing and borrowings. We expect that our cash needs in the near future will primarily relate to progressing the development of our drug candidates towards receiving regulatory approval and commencing commercialization, as well as expanding our drug candidate portfolio. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. We expect our liquidity requirements will be satisfied by a combination of existing cash and cash equivalents, bank loans, net proceeds from the Global Offering, as well as revenue generated from sales of our successfully commercialized drug products. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financings, collaboration arrangements, licensing arrangements or other sources.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the periods indicated.

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash used in operations before movements in working capital	(218,397)	(251,991)	(58,035)	(65,544)
Changes in working capital	(1,656)	51,047	1,049	(18,374)
Net cash flows used in operating activities	(220,053)	(200,944)	(56,986)	(83,918)
Net cash flows (used in)/from investing activities	(158,165)	73,008	20,428	(142,294)
Net cash flows generated from financing activities	351,139	223,997	57,541	116,590
Net (decrease)/increase in cash and cash equivalents	(27,079)	96,061	20,983	(109,622)
Cash and cash equivalents at beginning of the year/period	117,841	90,762	90,762	186,830
Effect of foreign exchange rate changes, net	–	7	–	–
Cash and cash equivalents at end of the year/period	**90,762**	**186,830**	**111,745**	**77,208**

Net Cash Flows Used in Operating Activities

For the three months ended March 31, 2024, our net cash used in operating activities was RMB83.9 million, primarily attributable to (i) our loss before tax of RMB107.8 million, as adjusted to reflect non-cash and/or non-operating items, which principally included fair value loss on redemption liabilities on equity shares of RMB23.7 million, and listing expenses of RMB7.7 million, and (ii) a decrease in trade and other payables of RMB11.5 million.

In 2023, our net cash used in operating activities was RMB200.9 million, primarily attributable to (i) our loss before tax of RMB383.2 million, as adjusted to reflect non-cash and/or non-operating items, which principally included fair value loss on redemption liabilities on equity shares of RMB77.8 million, finance costs of RMB15.9 million and depreciation of right-of-use assets of RMB14.2 million; and (ii) an increase in trade and other receivables of RMB11.3 million. This net cash outflow was partially offset by an increase in trade and other payables of RMB62.3 million.

In 2022, our net cash used in operating activities was RMB220.1 million, primarily attributable to (i) our loss before tax of RMB311.8 million, as adjusted to reflect non-cash and/or non-operating items, which principally included fair value loss on redemption liabilities on equity shares of RMB69.1 million and finance costs of RMB13.3 million; and (ii) an increase in trade and other receivables of RMB19.6 million. This net cash outflow was partially offset by a decrease in contract cost of RMB22.8 million.

As a clinical-stage biopharmaceutical company, we plan to improve our net operating cash outflow position by commercialization of our drug candidates and improving our cost control and operating efficiencies. Subject to regulatory communications and marketing approval, we expect to launch our TY-9591, in China in the fourth quarter of 2025. In addition, we will continue to implement comprehensive measures to effectively control our operating costs and expenses. For example, we have set up a comprehensive budget management system covering all types of costs and expenses incurred in our daily operations, and strictly manage our budgets at the project and business department levels.

Net Cash Flows (Used in)/From Investing Activities

For the three months ended March 31, 2024, our net cash used in investing activities was RMB142.3 million, primarily as a result of (i) purchases of financial assets at FVTPL of RMB75.0 million; and (ii) purchase of time deposits of RMB60.0 million.

In 2023, our net cash generated from investing activities was RMB73.0 million, primarily as a result of the disposal of financial assets at FVTPL of RMB758.0 million, partially offset by (i) purchases of financial assets at FVTPL of RMB609.0 million and (ii) purchases of items of property, plant and equipment of RMB76.4 million.

In 2022, our net cash used in investing activities was RMB158.2 million, primarily as a result of (i) the purchases of financial assets at FVTPL of RMB1,238.0 million, (ii) purchases of items of property, plant and equipment of RMB59.0 million and (iii) prepayment for acquisition of a land use right of RMB29.2 million, partially offset by disposal of financial assets at FVTPL of RMB1,173.8 million.

Net Cash Flows Generated From Financing Activities

For the three months ended March 31, 2024, our net cash generated from financing activities was RMB116.6 million, primarily as a result of new bank loans of RMB80.4 million and net proceeds from the issue of shares of RMB50.0 million.

In 2023, our net cash generated from financing activities was RMB224.0 million, primarily as a result of net proceeds from the issue of shares of RMB185.0 million, and borrowing from the non-controlling shareholder of RMB65.0 million (representing proceeds from the Changxing Investment we received in 2023), partially offset by the lease payments including related interest of RMB16.5 million.

In 2022, our net cash flows generated from financing activities was RMB351.1 million, primarily as a result of net proceeds from the issue of shares of RMB325.0 million, and borrowing from the non-controlling shareholder of RMB40.0 million (representing proceeds from the Changxing Investment we received in 2022), partially offset by payment of issue cost of financial liabilities at FVTPL of RMB12.3 million.

Working Capital Confirmation

Our Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents and the estimated net proceeds from the Global Offering, and considering our cash burn rate, we have available sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs (including any production costs), research and development costs, and business development and marketing expenses, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, payment for property, plant and equipment and lease payments including related interests. We estimate that we will receive net proceeds of approximately HK$506.3 million in the Global Offering, at an Offer Price of HK$12.10 per Share. Assuming an average cash burn rate going forward of 1.2 times the level in the Track Record Period, we estimate that our cash and cash equivalents financial assets measured at FVTPL as of March 31, 2024 will be able to maintain our financial viability for over 22.0 months from March 31, 2024, without taking into account 7.0% of the estimated net proceeds from the Global Offering, namely, the portion allocated for our working capital and other general corporate purposes; or, we estimate we will be able to maintain our financial viability for over 23.1 months from March 31, 2024, if we take into account 7.0% of the estimated net proceeds from the Global Offering. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing at least six months after the completion of the Global Offering.

CASH OPERATING COSTS

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

	Year Ended December 31,		Three Months Ended March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Research and development costs			
Research and development costs for Core Product			
– trial and testing expenses	82,989	99,861	45,129
– staff costs	7,132	7,503	2,840
– raw materials and others	1,173	2,036	1,724
Research and development costs for other product candidates			
– trial and testing expenses	98,133	44,415	13,249
– staff costs	29,954	32,084	9,309
– raw materials and others	13,182	7,682	2,839
Workforce employment costs(1)	19,048	22,223	8,303
Direct production costs(2)	–	–	–
Product marketing(3)	–	–	–
Non-income taxes, royalties and other governmental charges	358	1,261	522
Contingency allowances	–	–	–
Total	**251,969**	**217,065**	**83,915**

Notes:

1. Workforce employment costs represent total non-research and development personnel costs mainly including salaries and benefits.

2. We had not commenced commercial manufacturing as of the Latest Practicable Date.

3. We had not commenced product sales as of the Latest Practicable Date.

INDEBTEDNESS

Our indebtedness during the Track Record Period mainly included (i) lease liabilities, (ii) redemption liabilities on equity shares, (iii) other long-term payables, and (iv) interest-bearing bank and other borrowings.

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of March 31,	As of June 28,
	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
– Redemption liabilities on equity shares	882,534	1,145,324	1,169,053	1,192,783
– Interest-bearing bank and other borrowings	–	–	80,488	80,480
– Lease liabilities	23,492	22,226	22,626	23,133
Subtotal	906,026	1,167,550	1,272,167	1,296,396
Non-current				
– Other long-term payables	39,584	84,408	93,933	95,818
– Lease liabilities	32,458	19,503	18,277	17,105
Subtotal	72,042	103,911	112,210	112,923
Total	**978,068**	**1,271,461**	**1,384,377**	**1,409,319**

As of June 28, 2024, we had unutilized bank facilities of RMB20.0 million.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of June 28, 2024. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since June 28, 2024 and up to the Latest Practicable Date.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our Group's outstanding debt, and there was no material breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that the Group did not experience any material difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or material breach of covenants during the Track Record Period and up to the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions (for details, see Note 31 to the Accountants' Report in Appendix I to this prospectus). The following table sets forth a summary of our transactions with related parties during the Track Record Period:

	Year Ended December 31,		Three Months Ended March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods[(1)]			
Sichuan Huiyu	–	–	1,062
Provision of services[(2)]			
Sichuan Huiyu	–	–	1,981
Zhejiang LeadMed	2,057	–	–
Zhengzhou LeadMed	1,179	–	–
Shanghai Aobo	1,142	–	–
Rental fees			
Tetranov	1,186	1,186	323
	5,564	1,186	3,366

Notes:

(1) Mainly representing procurement of raw materials for our drug candidates; and

(2) Mainly representing third-party contracting services for our drug candidates.

Our Directors confirm that all related party transactions set out above (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

CAPITAL EXPENDITURES

In 2022 and 2023 and the three months ended March 31, 2024, our capital expenditures were RMB88.2 million and RMB77.3 million and RMB18.1 million, respectively, which included payments for purchases of items of property, plant and equipment, and prepayment for acquisition of land use right. We regularly incur capital expenditures to purchase and maintain our property, plant and equipment in order to enhance our research and development capabilities and expand our business operations. Historically, we have funded our capital expenditures mainly through equity financing and borrowings.

The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Purchases of items of property, plant and equipment	58,967	76,378	31,264	18,066
Prepayment for acquisition of a land use right	29,207	876	876	–
Total	88,174	77,254	32,140	18,066

COMMITMENTS

Capital Commitments

We had the following capital commitments as of the dates indicated.

	As of December 31,		As of March 31,
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	12,393	15,540	8,425
Total	12,393	15,540	8,425

KEY FINANCIAL RATIO

The table below sets forth our key financial ratio as of the dates indicated:

	As of December 31,		As of March 31,
	2022	2023	2024
Current ratio[(1)]	0.3	0.2	0.2

Note:

(1) Current ratio equals to current assets divided by current liabilities as of the same date.

Our current ratio during the Track Record Period remained relatively low at 0.3 as of December 31, 2022, 0.2 as of December 31, 2023 and 0.2 as of March 31, 2024, primarily due to the significant amount of redemption liabilities on equity shares we recorded as current liabilities. Our current ratio decreased from 0.3 as of December 31, 2022 to 0.2 as of December 31, 2023, primarily due to an increase in redemption liabilities on equity shares. Our current ratio remained stable at 0.2 as of December 31, 2023 and March 31, 2024.

IMPACT OF THE COVID-19

During the Track Record Period and up to the Latest Practicable Date, we had not experienced material disruptions in our operations as a result of the COVID-19 pandemic. The overall impact of the COVID-19 pandemic on our clinical activities, drug development timeline, business and results of operations has been immaterial, and especially as the COVID-19 pandemic has come under control as of the Latest Practicable Date and our Directors are of the view that it is unlikely that COVID-19 pandemic will have material adverse impact on our business going forward.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of market risks, including foreign currency risk, credit risk and liquidity risk set out below. Our Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For more details, see Note 34 to the Accountants' Report in Appendix I to this prospectus.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the head of credit control.

Management has assessed that during the Track Record Period, prepayments and other receivables have not had a significant increase in credit risk since initial recognition. Thus, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. The management of the Company expect the occurrence of losses from non-performance by counter-parties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial. For details, please see Note 34 to the Accountants' Report set out in Appendix I to this prospectus.

Liquidity Risks

We monitor and maintains a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. For details of maturity profile of our financial liabilities, please see Note 34 to the Accountants' Report set out in Appendix I to this prospectus.

PROPERTY INTEREST AND PROPERTY VALUATION

Avistra, an independent property valuer, has valued our selective property interests as of May 31, 2024. Particulars of these property interests are set out in Appendix III to this prospectus.

The table below sets out the reconciliation between the net book value of our selective property as of March 31, 2024 in the Accountants' Report set out in Appendix I to this prospectus and the market value of our selective property as of March 31, 2024 in the Property Valuation Report set out in Appendix III to this prospectus.

	(RMB'000)
Net book value of our selective property as of March 31, 2024	189,915
Depreciation for the two months ended May 31, 2024	340
Net book value as of May 31, 2024	189,575
Valuation surplus as of May 31, 2024	19,995
Valuation as of May 31, 2024 as set out in Appendix III to this prospectus	209,570

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. We do not currently have a formal dividend policy or a 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. 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 advised by our PRC Legal Adviser, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

As of March 31, 2024, we did not have any distributable reserves.

LISTING EXPENSES

Our listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. Based on the Offer Price of HK$12.10 per Share, our listing expenses in relation to the Global Offering are estimated to be approximately RMB66.7 million (HK$73.0 million), representing 12.6% of the gross proceeds. The listing expenses consist of (i) underwriting-related expenses, including underwriting commissions, of approximately RMB18.6 million (HK$20.3 million), and (ii) non-underwriting-related expenses of approximately RMB48.1 million (HK$52.7 million), comprising (a) fees and expenses of our legal advisers and reporting accountants of approximately RMB24.9 million (HK$27.5 million), and (b) other fees and expenses of approximately RMB23.2 million (HK$25.2 million).

During the Track Record Period, we incurred listing expenses of RMB25.2 million (HK$27.6 million), RMB15.7 million (HK$17.2 million) of which was charged to our consolidated statements of profit or loss, and RMB9.5 million (HK$10.4 million) of which was attributable to the issue of Shares and will be deducted from equity. We expect to incur additional listing expenses of approximately RMB41.5 million (HK$45.4 million) after the Track Record Period, approximately RMB19.9 million (HK$21.8 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB21.6 million (HK$23.6 million) of which is attributable to the issue of Shares and will be deducted from equity upon Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible liabilities of our Group attributable to the owners of our Company as of March 31, 2024 as if the Global Offering had taken place on March 31, 2024. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible liabilities as of March 31, 2024 or as of any future dates following the Global Offering.

	Consolidated net tangible liabilities of attributable to owners of the Company as of March 31, 2024[1]	Estimated net proceeds from the Global Offering[2]	Estimated impact to the consolidated net tangible liabilities upon conversion of Shares held by Pre-IPO Investors[3]	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as of March 31, 2024[4]	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as of March 31, 2024[5]	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on offer price HK$12.10 per offer share	(1,005,520)	478,167	1,169,053	641,700	1.73	1.89

Notes:

1 The consolidated net tangible liabilities of the Group attributable to owners of the Company as of March 31, 2024 was equal to the audited net liabilities attributable to owners of the Company as of March 31, 2024 of RMB938,863,000 after deducting of intangible assets of RMB66,657,000 as of March 31, 2024 set out in the Accountants' Report in Appendix I to this Prospectus.

2 The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$12.10 per Offer Share after deduction of the underwriting fees and other related listing expenses paid and payable in connection with Global Offering (excluding the listing expenses that have been charged to profit or loss during the Track Record Period).

3 The redemption right would have ceased upon completion of Global Offering. The redemption liabilities on equity shares amounting to RMB1,169,053,000 would have been derecognised and accordingly increased the unaudited pro forma adjusted consolidated net tangible assets of the Group as of March 31, 2024 by RMB1,169,053,000.

4 The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred in note 2 above and on the basis of 370,835,818 Shares are in issue, assuming that the Global Offering has been completed on March 31, 2024.

5 The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.9134 to HK$1.00.

6 The property interests valued in the Property Valuation Report as set out in Appendix III to this prospectus represented the properties of the Group. The above unaudited pro forma statement of adjusted net tangible assets does not take into account the surplus arising from the revaluation of the Group's property interests. Revaluation surplus has not been recorded in the Historical Financial Information of the Group and will not be recorded in the consolidated financial statements of the Group in the future periods as the Group's property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation and impairment losses, if any. If the valuation surplus were recorded in the Group's financial statements, additional annual depreciation of approximately RMB431,000 would be charged against the profit or loss in the future periods.

7 No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to March 31, 2024.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since March 31, 2024, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report set out in Appendix I to this prospectus, and up to the date of this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$506.3 million, after deducting underwriting commissions, fees and other estimated expenses paid and payable by us in connection with the Global Offering, at an Offer Price of HK$12.10 per Share.

We intend to use the net proceeds from the Global Offering for the following purposes:

- 70.0%, or approximately HK$354.4 million, will be used for the research, development and commercialization of our Core Product, namely, TY-9591:

  — 26.0%, or approximately HK$131.6 million, will be used to fund the ongoing clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from NSCLC with EGFR mutations. We commenced patient enrollment for a pivotal Phase II clinical trial in August 2023 and anticipate to complete patient enrollment in the third quarter of 2024. We intend to use the results of this trial to support the application to the NMPA for conditional marketing approval in the first quarter of 2025;

  — 19.0%, or approximately HK$96.2 million, will be used to fund the ongoing clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic NSCLC with EGFR exon 21 L858R mutation. We commenced patient enrollment for a registrational Phase III clinical trial in June 2022 and anticipate to complete patient enrollment in the fourth quarter of 2024. We intend to use the results of this trial to support NDA submission to the NMPA in the second half of 2026;

  — 23.0%, or approximately HK$116.5 million, will be used to fund the planned Phase II and III clinical trial of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic NSCLC with EGFR mutations. We expect to commence a Phase II clinical trial in the second half of 2024 and anticipate to complete patient enrollment in the first half of 2026.

    See "Business — Our Drug Candidates — Core Product: TY-9591 — A Third-Generation EGFR-TKI — Clinical Development Plan"; and

  — 2.0%, or approximately HK$10.1 million, will be used to prepare for the anticipated commercial launch of TY-9591. Subject to communications with regulatory authorities and obtaining marketing approvals, we expect to launch TY-9591 in China in the fourth quarter of 2025;

- 20.0%, or approximately HK$101.3 million, will be used for the research and development of our other product candidates, including:

  — 6.0%, or approximately HK$30.4 million, will be used to fund the clinical development of TY-302, of which:

    (i) 2.0%, or approximately HK$10.1 million, will be used to fund the planned registrational Phase III clinical trial of TY-302 in combination with toremifene citrate as third-or later-line treatment in breast cancer in China, which we anticipate to commence in the first quarter of 2025; and

    (ii) 4.0%, or approximately HK$20.3 million, will be used to fund the planned Phase II and Phase III trials of TY-302 in combination abiraterone as first-line treatment in prostate cancer in China, which we expect to commence in the second half of 2024 and second half of 2026, respectively.

    See "Business — Our Drug Candidates — Key Product: TY-302 – CDK4/6 Inhibitor — Clinical Development Plan";

  — 3.0%, or approximately HK$15.2 million, will be used to fund the clinical development of TY-2136b in solid tumors in the U.S. See "Business — Our Drug Candidates — Key Product: TY-2136b – ROS1/NTRK Inhibitor — Clinical Development Plan";

  — 4.0%, or approximately HK$20.3 million, will be used to fund the clinical development of TY-2699a, including the ongoing Phase I clinical trial of TY-2699a in monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in SCLC and TNBC), a planned Phase Ib clinical trial and a planned pivotal Phase II clinical trial, which we expect to commence in the first quarter of 2025 and the second half of 2026, respectively. See "Business — Our Drug Candidates — TY-2699a – CDK7 Inhibitor — Clinical Development Plan";

  — 3.0%, or approximately HK$15.2 million, will be used to fund the clinical development of TY-0540, including the ongoing Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors, a planned Phase Ib clinical trial and a planned pivotal Phase II clinical trial, which we expect to commence in the first quarter of 2025 and the second half of 2026, respectively. See "Business — Our Drug Candidates — TY-0540 – CDK2/4/6 Inhibitor — Clinical Development Plan";

  - 2.0%, or approximately HK$10.1 million, will be used to fund the clinical development of TY-1091, including the ongoing Phase I clinical trial of TY-1091 in RET fusion-positive solid tumors; and

  - 2.0%, or approximately HK$10.1 million, will be used to fund the clinical development of TY-4028, including a planned Phase I clinical trial in NSCLC with EGFR exon 20 insertion, which we expect to commence in December 2024;

- 3.0%, or approximately HK$15.2 million, will be used for potential strategic acquisition, investment, in-licensing or collaboration opportunities. In the future, we may selectively acquire or invest in innovative technologies to enhance our research and development capabilities or explore potential combination therapy partners for TY-9591. In addition, we may collaborate with leading universities or research institutions to develop new technologies or product candidates. We may also enter into in-licensing arrangements to expand our product portfolio. As of the Latest Practicable Date, we have not identified any specific target for acquisition, investment, licensing, collaboration, strategic partnerships or co-development; and

- 7.0%, or approximately HK$35.4 million, will be used for working capital and other general corporate purposes.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will only deposit the net proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions).

In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be made.

1. UNDERWRITER(S)

Hong Kong Underwriter(s)

CLSA Limited
Deutsche Bank AG, Hong Kong Branch
CMB International Capital Limited
Haitong International Securities Company Limited
BOCI Asia Limited
Livermore Holdings Limited

2. UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 4,788,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus. Subject to the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for its applicable proportion of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their sole and absolute discretion, by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any local, national, regional or international event or circumstance or series of events or circumstance in the nature of force majeure, including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak, mutation, aggravation or escalations of disease (including but not limited to Severe Acute Respiratory Syndromes (SARS), swine or avian flu, H1N1, H5N1, H1N7, H7N9, Ebola

virus, MERS and COVID-19 and such related/mutated forms), economic sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, severe transport disruption, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war or state of emergency is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), paralysis in the government operations, in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or any development involving a prospective change, or any event or circumstances or series of events or circumstances resulting or likely to result in or representing any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in or affecting the Relevant Jurisdictions (whether imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(v) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, or the withdrawal of the trade privileges which existed on the date of the Hong Kong Underwriting Agreement in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) any change or development involving a prospective change or amendment in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or Renminbi is linked to any foreign currency), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation, legal action, dispute or claim of any third party being threatened or instigated against any member of the Group or any Director or any senior management member of our Group as named in this prospectus; or

(ix) an authority or a political body or organization in any Relevant Jurisdiction announcing or commencing any investigation or other action (including regulatory or disciplinary proceeding), or announcing an intention to investigate or take other action, against any Director or any senior management member of our Group as named in this prospectus or any member of the Group; or

(x) any change, development or event involving a prospective change in, or a materialization of any of the risks set out in the section entitled "Risk Factors" in this prospectus; or

(xi) a contravention by any member of the Group or any Director or any senior management member of our Group as named in this prospectus of the Listing Rules or applicable laws; or

(xii) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xiii) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group in respect of which any member of the Group is liable prior to its stated maturity; or

(xiv) any Director or any senior management member of our Group as named in this prospectus vacating his office; or

(xv) non-compliance of this prospectus, the CSRC filings or any other documents used in connection with the contemplated offer and sale of the Offer Shares or any aspect of the Global Offering with the Listing Rules, the CSRC rules or any other applicable laws; or

(xvi) the issue or requirement to issue by the Company of any supplement or amendment to the this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the CSRC rules or the Listing Rules or any requirement or request of the SEHK, the CSRC and/or the SFC,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriter(s)): (i) has or will have or may have in a material adverse effect on the assets, liabilities, business, management, general affairs, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or immediate foreseeable dealings in the Offer Shares in the secondary market; or (iii) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by the prospectus; or (iv) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable or impracticable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Sponsor or the Overall Coordinators:

(i) that any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the formal notice, the Operative Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (collectively, the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respect or misleading or deceptive in any respect or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offer Related Documents is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the prospectus date, constitute a misstatement in or a material omission from any of the Offer Related Documents; or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Sole Sponsor, the Sponsor-overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries, the Hong Kong Underwriter(s) or the International Underwriter(s)); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

(v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group, taken as a whole; or

(vi) any breach of, or any event or circumstances rendering any of the warranties set out in the Hong Kong Underwriting Agreement untrue or incorrect or misleading in any respect; or

(vii) a Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(viii) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(ix) our Company withdraws the Offer Related Documents or the Global Offering; or

(x) any person (other than the Sole Sponsor) named as an expert in this prospectus has withdrawn its consent to being named as an expert in this prospectus or to the issue of any of the Hong Kong Public Offering documents; or

(xi) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares pursuant to the terms of the Global Offering; or

(xii) the investment commitment by any cornerstone investor after signing of agreement with such cornerstone investor having been withdrawn, terminated or cancelled, or a material portion of the orders placed or confirmed in the bookbuilding process having been withdrawn, terminated or cancelled and such withdrawn, terminated or cancelled orders not having been fully covered by other orders or any replacement order having been subsequently withdrawn, terminated or cancelled.

Undertakings by the Controlling Shareholders to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.07(1) of the Listing Rules and Chapter 3.13 of the Guide for New Listing Applicants, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except pursuant to the Global Offering, it shall not and shall procure that the relevant registered Shareholder(s) shall not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, (i) in the period commencing from the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the H Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and (ii) in the period of six months period commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests, or encumbrances in respect of, any of the securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of they would cease to be a Controlling Shareholder of the Company (as defined in the Listing Rules) or a member of the group of Controlling Shareholders of our Company or would together with the other Controlling Shareholder cease to be the Controlling Shareholders of the Company (as defined in the Listing Rules).

Note 2 to Rule 10.07 of the Listing Rules provides that such rule does not prevent any of the Controlling Shareholders from using the H Shares beneficially owned by it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to our Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will immediately inform us and the Stock Exchange of:

(a) any pledges or charges of any H Shares or securities of our Company beneficially owned by it in favor of any authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such H Shares or securities of our Company so pledged or charged; and

(b) any indication received by it, either verbal or written, from the pledgee or chargee that any H Shares or other securities of our Company pledged or charged will be disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders (or its respective shareholders) and disclose such matters by way of an announcement as required under the Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders (or its respective shareholders).

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has also undertaken to each of the Sole Sponsor, the Sponsor-overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter(s) that except for the offer and sale of the Offer Shares pursuant to the Global Offering, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), not to, and to procure each other member of our Group not to, without the prior written consent of the Sole Sponsor, and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules and any applicable laws:

(i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any H Shares or any other securities of our Company, as

applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any H Shares or other equity securities of our Company, as applicable), or deposit any H Shares or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or any other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company, as applicable); or

(iii) enter into or effect any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) announce, or publicly disclose any intention to effect any transaction described in paragraphs (i), (ii) or (iii),

in each case, whether any of the foregoing transactions is to be settled by delivery of H Shares or other securities, as applicable, or in cash or otherwise (whether or not the issue of such equity securities will be completed within the First Six-Month Period).

Our Company further agrees that, in the event our Company enters into any of the transactions described in paragraphs (i), (ii) or (iii) above or announces or publicly discloses any intention to enter into or effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), it shall take all reasonable steps to ensure that our Company will not create a disorderly or false market in the securities of our Company.

Undertakings by the Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, the Controlling Shareholders undertake to each of our Company, the Sole Sponsor, the Sponsor-overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter(s) that, except as pursuant to the Global Offering, without the prior written consent of the Sole Sponsor, and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriter(s)) and unless in compliance with the Listing Rules and any applicable laws:

(a) during the First Six-Month Period, they will not and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for them and the companies controlled by them will not:

(i) offer, pledge, charge, sell, assign, offer to sell, contract or agree to sell, mortgage, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company beneficially owned by them as of the date of this prospectus or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities of our Company, as applicable) (the "Locked-up Securities"), or deposit any Locked-up Securities with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Locked-up Securities; or

(iii) enter into or effect any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) announce or publicly disclose any intention to effect any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of such securities, or in cash or otherwise (whether or not such transaction will be completed with the First Six-Month Period), save as provided under Notes (2) and (3) to Rule 10.07(2) of the Listing Rules; and

(b) (i) during the Second Six-Month Period, they will not and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for them and the companies controlled by them will not enter into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or announce any intention to effect any such transactions if, immediately following such transaction, they will cease to be a controlling shareholder of our Company for the purposes of the Listing Rules; and

(ii) until the expiry of the Second Six-Month Period, in the event that they or any of their respective registered holder(s), any nominee or trustee holding on trust for them and the companies controlled by them will not enter into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or announce any intention to effect any such transactions, they will take all reasonable steps to ensure that they will not create a disorderly or false market in the securities of our Company.

Indemnity

Our Company has agreed to indemnify, among others, the Sole Sponsor, the Sponsor-overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter(s) for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, agree to procure subscribers or purchasers for the International Offer Shares, failing which it agrees to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total Commission and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission (the "**Fixed Fees**") of 3.5% of the aggregate Offer Price payable for the Offer Shares (the "**Gross Proceeds**"), and our Company may, at our sole discretion upon successful consummation of the Global Offering, pay to the Underwriters and the Capital Market Intermediaries an additional discretionary incentive fee of up to 1.5% of the Gross Proceeds (the "**Discretionary Fees**"). Assuming the Discretionary Fees are paid in full, the aggregate amount of fees payable by us to all syndicate members will be 5% of the Gross Proceeds. Under the Listing Rules and the Guide for New Listing Applicants, assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees payable to the Underwriters and the Capital Market Intermediaries is therefore 64.0:36.0, so that the Underwriters and the Capital Market Intermediaries shall effectively receive the Fixed Fees of 3.2% and the Discretionary Fees of up to 1.8% of the Gross Proceeds as of the date of this prospectus with the allocation of Discretionary Fees to be determined at the sole discretion by us at a later stage.

Based on the Offer Price of HK$12.10 per H Share, the aggregate commissions and fees, together with listing fees, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the "**Commissions and Fees**") are estimated to be approximately HK$72.5 million in total.

3. ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "**Syndicate Members**", and their affiliates may each individually undertake, and which do not form part of the underwriting process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members and their affiliates must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation

to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

4. HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriter(s) do not have any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their respective affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

5. OTHER SERVICES TO OUR COMPANY

The Overall Coordinators, the Hong Kong Underwriter(s), the Capital Market Intermediaries or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Overall Coordinators, Hong Kong Underwriter(s), the Capital Market Intermediaries or their respective affiliates have received or will receive customary fees and commissions.

6. INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

1. THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering (subject to reallocation) comprises:

(i) the Hong Kong Public Offering of initially 4,788,000 H Shares (subject to reallocation) in Hong Kong as described in the subsection headed "— 2. The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 43,092,000 H Shares, consisting of the offering of our H Shares outside the United States in reliance on Regulation S under the U.S. Securities Act.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent 12.9% of the enlarged issued share capital of our Company immediately after the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "— 2. The Hong Kong Public Offering — Reallocation and clawback" below.

2. THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 4,788,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent 1.3% of our Company's enlarged share capital immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "— 6. Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes (subject to adjustment of odd lot size): pool A and for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore, which is HK$12.10 per Offer Share. Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 2,394,000 Hong Kong Offer Shares, being 50% of the 4,788,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation and clawback

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation as further described below:

If the Offer Shares under the International Offering are fully subscribed or oversubscribed and, if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation (such reallocation being referred to in this prospectus as "**Mandatory Reallocation**"), the total number of Offer Shares available under the Hong Kong Public

Offering will be increased to 14,364,000 Offer Shares (in the case of (i)), 19,152,000 Offer Shares (in the case of (ii)) and 23,940,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators and the Joint Global Coordinators deem appropriate. In addition to any Mandatory Reallocation which may be required, the Overall Coordinators and the Joint Global Coordinators may, at their discretion, allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered. The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators and the Joint Global Coordinators. In the event that the Overall Coordinators and the Joint Global Coordinators decide to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering, and such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, in accordance with Chapter 4.14 of the Guide for New Listing Applicants, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering will be 4,788,000 Offer Shares (representing approximately 10.0% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase up to 9,576,000 H Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Overall Coordinators and the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators and the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering must pay, on application (subject to application channels), the Offer Price of HK$12.10 per H Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable on each Offer Share. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

3. THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 43,092,000 H Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering and 11.6% of our Company's enlarged share capital immediately after the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— 4. Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinators and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators and the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

4. PRICING OF THE GLOBAL OFFERING

The International Underwriter(s) will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price will be HK$12.10 per H Share, unless otherwise announced. Applicants under the Hong Kong Public Offering must pay, on application (subject to application channels), the Offer Price of HK$12.10 per H Share, plus 1.0% brokerage, 0.0027% SFC transaction levy, AFRC transaction levy of 0.00015% and 0.00565% Stock Exchange trading fee.

The Overall Coordinators and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the Offer Price, at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction and/or set the final Offer Price, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.tykmedicines.com**) notices of the reduction of the Offer Shares, the cancellation of the Global Offering and the relaunch of the offer at the revised number of Offer Shares.

Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental or new prospectus updating investors of the change in the number of Offer Shares and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalization; (ii) listing timetable and underwriting obligations; (iii) unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and confirmation of the working capital adequacy based on the revised estimated proceeds.

Applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares being offered under the Global Offering and/or the Offer Price may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

In the absence of any such notice so announced and any such supplemental or new prospectus so published, the number of Offer Shares and the Offer Price will not be reduced. If there is any change to the offer size due to change in the number of Offer Shares initially offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer and issue a supplemental prospectus or a new prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Overall Coordinators and the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 10.0% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators and the Joint Global Coordinators.

The level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Monday, August 19, 2024 through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

5. HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter(s) under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Friday, August 16, 2024.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting."

6. CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (subject only to allotment);

(ii) the execution and delivery of the International Underwriting Agreement on or around Friday, August 16, 2024; and

(iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of our Company (**www.tykmedicines.com**) respectively, on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Monday, August 19, 2024 but will only become valid evidence of title at 8:00 a.m. on Tuesday, August 20, 2024 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — 2. Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination" has not been exercised.

7. H SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our H Shares to be admitted into CCASS.

8. DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, August 20, 2024, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, August 20, 2024.

Our H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 2410.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.tykmedicines.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the **White Form eIPO** service only*).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, August 12, 2024 and end at 12:00 noon on Thursday, August 15, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	www.eipo.com.hk	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, August 12, 2024 to 11:30 a.m. on Thursday, August 15, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, August 15, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and	• Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and
• Identity document number	• Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the application must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4[1] in accordance with market practice.

1 Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through the **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agents, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	500 H Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The Offer Price is HK$12.10 per H Share. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application
	HK$		*HK$*		*HK$*		*HK$*
500	6,111.01	7,000	85,554.21	50,000	611,101.43	700,000	8,555,419.96
1,000	12,222.03	8,000	97,776.23	60,000	733,321.71	800,000	9,777,622.80
1,500	18,333.05	9,000	109,998.25	70,000	855,542.00	900,000	10,999,825.66
2,000	24,444.06	10,000	122,220.29	80,000	977,762.28	1,000,000	12,222,028.50
2,500	30,555.08	15,000	183,330.42	90,000	1,099,982.56	1,250,000	15,277,535.63
3,000	36,666.08	20,000	244,440.56	100,000	1,222,202.86	1,500,000	18,333,042.76
3,500	42,777.09	25,000	305,550.71	200,000	2,444,405.70	1,750,000	21,388,549.88
4,000	48,888.11	30,000	366,660.85	300,000	3,666,608.56	2,000,000	24,444,057.00
4,500	54,999.13	35,000	427,771.00	400,000	4,888,811.40	2,394,000[(1)]	29,259,536.23
5,000	61,110.14	40,000	488,881.15	500,000	6,111,014.26		
6,000	73,332.17	45,000	549,991.28	600,000	7,333,217.10		

Notes:

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— *G. Personal Data — 3. Purposes and 4. Transfer of personal data*" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— *B. Publication of Results*" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— *C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares*" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the

Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **White Form eIPO** Service Provider or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **White Form eIPO** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **White Form eIPO** service or **HKSCC EIPO** channel:		
Website . . .	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Monday, August 19, 2024 to 12:00 midnight on Sunday, August 25, 2024 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.tykmedicines.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, August 19, 2024 (Hong Kong time)
Telephone .	+852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Tuesday, August 20, 2024 to Friday, August 23, 2024 (Hong Kong time)

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, August 16, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, August 16, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.tykmedicines.com** by no later than 11:00 p.m. on Monday, August 19, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— *A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited*" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Tuesday, August 20, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of H Share certificate[3]		
For physical share certificates of equal or over 1,000,000 Offer Shares issued under your own name	Collection in person at the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. **Time:** 9:00 a.m. to 1:00 p.m. on Tuesday, August 20, 2024 (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required

3 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Monday, August 19, 2024 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

	White Form eIPO service	HKSCC EIPO channel
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note:** If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Monday, August 19, 2024	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, August 20, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account . .	**White Form** e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, August 15, 2024 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, August 15, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.tykmedicines.com** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Monday, August 19, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, August 20, 2024.

If a **Severe** Weather Signal is hoisted on Monday, August 19, 2024, the despatch of physical H Share certificates of less than 1,000,000 Offer Shares issued under your own name will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, August 19, 2024 or on Tuesday, August 20, 2024).

If a **Severe** Weather Signal is hoisted on Tuesday, August 20, 2024, physical H Share certificates of 1,000,000 Offer Shares or more issued under your own name are available for collection in person at the H Share Registrar's office after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, August 20, 2024 or on Wednesday, August 21, 2024).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TYK MEDICINES, INC AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of TYK Medicines, Inc (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-64, which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for each of the year ended 31 December 2022 and 2023 and the three months ended 31 March 2024 (the "Relevant Periods"), and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022 and 2023 and 31 March 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-64 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 12 August 2024 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and 2023 and 31 March 2024 and of the financial performance and cash flows of the Group for the year ended 31 December 2022 and 2023 and the three months ended 31 March 2024 in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for three months ended 31 March 2023 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Certified Public Accountants
Hong Kong
12 August 2024

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Three months ended 31 March	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
REVENUE	*5*	44,242	–	–	–
Cost of sales		(24,199)	–	–	–
Gross profit		20,043	–	–	–
Other income and gains	*6*	16,223	25,428	3,009	4,740
Research and development costs		(229,809)	(249,252)	(54,980)	(64,699)
Administrative expenses		(33,539)	(59,306)	(10,194)	(21,659)
Other expenses and losses	*7*	(102)	(15)	(5)	(70)
Finance costs	*9*	(15,506)	(22,236)	(2,137)	(2,361)
Change in fair value of redemption liabilities on equity shares	*22*	(69,112)	(77,790)	(18,907)	(23,729)
LOSS BEFORE TAX	*8*	(311,802)	(383,171)	(83,214)	(107,778)
Income tax expense	*12*	–	–	–	–
LOSS FOR THE YEAR/PERIOD		(311,802)	(383,171)	(83,214)	(107,778)
Attributable to:					
Owners of the Company		(310,993)	(382,427)	(83,007)	(107,521)
Non-controlling interests		(809)	(744)	(207)	(257)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(311,802)	(383,171)	(83,214)	(107,778)
Attributable to:					
Owners of the Company		(310,993)	(382,427)	(83,007)	(107,521)
Non-controlling interests		(809)	(744)	(207)	(257)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)					
Basic and diluted	*14*	(1.12)	(1.32)	(0.29)	(0.34)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2022	As at 31 December 2023	As at 31 March 2024
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Restricted bank deposit		4,672	4,683	4,686
Property, plant and equipment	*15*	82,648	157,510	158,447
Right-of-use assets	*16*	107,548	92,335	88,404
Intangible assets	*17*	73,730	68,071	66,657
Prepayments and other receivables	*18*	15,033	16,830	24,215
Total non-current assets		283,631	339,429	342,409
CURRENT ASSETS				
Prepayments and other receivables	*18*	30,073	40,387	48,089
Financial assets at fair value through profit and loss ("FVTPL")	*19*	152,727	6,001	75,287
Restricted bank deposit		1,168	491	–
Cash and cash equivalents	*20*	90,762	186,830	137,208
Total current assets		274,730	233,709	260,584
CURRENT LIABILITIES				
Trade and other payables	*21*	56,214	133,429	100,140
Redemption liabilities on equity shares	*22*	882,534	1,145,324	1,169,053
Interest-bearing bank and other borrowings	*23*	–	–	80,488
Lease liabilities	*16*	23,492	22,226	22,626
Total current liabilities		962,240	1,300,979	1,372,307
NET CURRENT LIABILITIES		(687,510)	(1,067,270)	(1,111,723)
TOTAL ASSETS LESS CURRENT LIABILITIES		(403,879)	(727,841)	(769,314)
NON-CURRENT LIABILITIES				
Deferred income	*24*	24,828	48,281	53,149
Other long-term payables	*25*	39,584	84,408	93,933
Lease liabilities	*16*	32,458	19,503	18,277
Total non-current liabilities		96,870	152,192	165,359
Net liabilities		(500,749)	(880,033)	(934,673)
DEFICIENCY IN EQUITY				
Equity attributable to owners of the Company				
Share capital	*26*	287,989	307,356	322,956
Reserves	*27*	(793,929)	(1,191,836)	(1,261,819)
Controlling interests		(505,940)	(884,480)	(938,863)
Non-controlling interests		5,191	4,447	4,190
Total deficits		(500,749)	(880,033)	(934,673)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	247,302	318,398	(444,970)	(315,677)	(194,947)	6,000	(188,947)
Issue of new shares *(notes 26 and 27)*	40,687	284,313	–	–	325,000	–	325,000
Recognition of redemption liabilities on Series C Shares *(note 22)*	–	–	(325,000)	–	(325,000)	–	(325,000)
Total comprehensive loss for the year	–	–	–	(310,993)	(310,993)	(809)	(311,802)
At 31 December 2022	287,989	602,711	(769,970)	(626,670)	(505,940)	5,191	(500,749)

Year ended 31 December 2023

	Share capital	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	287,989	602,711	–	(769,970)	(626,670)	(505,940)	5,191	(500,749)
Issue of new shares *(notes 26 and 27)*	19,367	165,633	–	–	–	185,000	–	185,000
Recognition of redemption liabilities on Series D Shares *(note 22)*	–	–	–	(185,000)	–	(185,000)	–	(185,000)
Share-based payment compensation *(note 28)*	–	–	3,887	–	–	3,887	–	3,887
Total comprehensive loss for the year	–	–	–	–	(382,427)	(382,427)	(744)	(383,171)
At 31 December 2023	307,356	768,344	3,887	(954,970)	(1,009,097)	(884,480)	4,447	(880,033)

Three months ended 31 March 2023 *(unaudited)*

	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	287,989	602,711	(769,970)	(626,670)	(505,940)	5,191	(500,749)
Total comprehensive loss for the period	–	–	–	(83,007)	(83,007)	(207)	(83,214)
As at 31 March 2023	287,989	602,711	(769,970)	(709,677)	(588,947)	4,984	(583,963)

Three months ended 31 March 2024

	Share capital	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	307,356	768,344	3,887	(954,970)	(1,009,097)	(884,480)	4,447	(880,033)
Issue of new shares *(notes 26 and 27)*	15,600	34,400	–	–	–	50,000	–	50,000
Share-based payment compensation *(note 28)*	–	–	3,138	–	–	3,138	–	3,138
Total comprehensive loss for the period	–	–	–	–	(107,521)	(107,521)	(257)	(107,778)
As at 31 March 2024	322,956	802,744	7,025	(954,970)	(1,116,618)	(938,863)	4,190	(934,673)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Three months ended 31 March	
		2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(311,802)	(383,171)	(83,214)	(107,778)
Adjustments for:					
Investment income on financial assets at FVTPL	6	(5,348)	(3,025)	(1,568)	(12)
Finance costs	9	13,344	15,866	694	575
Listing expenses	8	–	8,004	–	7,689
Foreign exchange gains, net		–	(7)	–	–
Charge of share-based payment compensation expenses	8	–	3,887	–	3,138
Depreciation of property, plant and equipment	8	5,337	7,798	1,651	2,314
Depreciation of right-of-use assets	8	5,332	14,185	3,657	3,598
Amortisation of intangible assets	8	5,660	5,659	1,415	1,414
Fair value (gain)/loss on financial assets at FVTPL	6	(341)	726	353	(286)
Fair value loss on redemption liabilities on equity shares	22	69,112	77,790	18,907	23,729
Loss on disposal of items of property, plant and equipment	7	37	10	–	–
Gain on termination of a lease contract	6	–	(8)	–	(2)
Government grants related to interest-free financing	6	(1,890)	(6,075)	(1,373)	(1,709)
Interest expenses of government funding	9	2,162	6,370	1,443	1,786
Increase in trade and other receivables		(19,597)	(11,270)	(10,701)	(6,848)
Decrease in contract cost		22,831	–	–	–
(Decrease)/increase in trade and other payables		(4,890)	62,317	11,750	(11,526)
Net cash flows used in operating activities		(220,053)	(200,944)	(56,986)	(83,918)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(58,967)	(76,378)	(31,264)	(18,066)
Purchases of financial assets at FVTPL		(1,238,000)	(609,000)	(284,000)	(75,000)
Disposal of financial assets at FVTPL		1,173,847	758,025	336,568	6,012
Prepayment for acquisition of a land use right		(29,207)	(876)	(876)	–

	Notes	Year ended 31 December		Three months ended 31 March	
		2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Payments for restricted bank deposits		(5,840)	–	–	–
Retrieval of restricted bank deposits		–	1,170	–	–
Purchase of time deposits		–	–	–	(60,000)
Proceeds from disposal of property, plant and equipment		2	67	–	4,760
Net cash flows from/(used in) investing activities		(158,165)	73,008	20,428	(142,294)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		325,000	185,000	–	50,000
Payment of issue cost of redemption liabilities on equity shares		(12,250)	–	–	(13,508)
Payment of listing expenses		–	(9,527)	–	(11,190)
Financing from non-controlling shareholder of a subsidiary		40,000	65,000	65,000	12,000
New bank loans		–	–	–	80,400
Interest paid		–	–	–	(73)
Lease payments, including related interest		(1,611)	(16,476)	(7,459)	(1,039)
Net cash flows from financing activities		351,139	223,997	57,541	116,590
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(27,079)	96,061	20,983	(109,622)
Cash and cash equivalents at beginning of year/period		117,841	90,762	90,762	186,830
Effect of foreign exchange rate changes, net		–	7	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*20*	90,762	186,830	111,745	77,208
Cash and cash equivalents as stated in the statement of financial position		90,762	186,830	111,745	137,208
Time deposits with original maturity of more than three months		–	–	–	(60,000)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		90,762	186,830	111,745	77,208

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 31 March
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	11,234	23,808	17,290
Right-of-use assets	*16*	34,721	25,986	23,842
Intangible assets	*17*	73,730	68,071	66,657
Prepayments and other receivables	*18*	7,620	7,352	13,758
Investments in subsidiaries	*1*	184,000	199,000	199,000
Total non-current assets		311,305	324,217	320,547
CURRENT ASSETS				
Prepayments and other receivables	*18*	29,122	38,774	46,609
Amount due from subsidiaries		2,000	7,617	8,988
Financial assets at FVTPL	*19*	132,686	–	55,283
Cash and cash equivalents	*20*	34,039	139,748	113,593
Total current assets		197,847	186,139	224,473
CURRENT LIABILITIES				
Trade and other payables	*21*	27,736	96,186	69,817
Redemption liabilities on equity shares	*22*	882,534	1,145,324	1,169,053
Interest-bearing bank and other borrowings	*23*	–	–	80,488
Lease liabilities	*16*	13,496	14,463	14,619
Total current liabilities		923,766	1,255,973	1,333,977
NET CURRENT LIABILITIES		(725,919)	(1,069,834)	(1,109,504)
TOTAL ASSETS LESS CURRENT LIABILITIES		(414,614)	(745,617)	(788,957)
NON-CURRENT LIABILITIES				
Deferred income	*24*	–	2,982	5,298
Lease liabilities	*16*	23,243	14,499	13,603
Total non-current liabilities		23,243	17,481	18,901
Net liabilities		(437,857)	(763,098)	(807,858)
DEFICIENCY IN EQUITY				
Share capital	*26*	287,989	307,356	322,956
Reserves	*27*	(725,846)	(1,070,454)	(1,130,814)
Total deficits		(437,857)	(763,098)	(807,858)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

TYK Medicines, Inc (the "Company") was incorporated in Chinese Mainland on 2 November 2017. The registered office address of the Company is Room 1403-2, 14th Floor, Tower A, Changxing World Trade Building, No. 1278 Mingzhu Road, Changxing Economic Development Zone, Huzhou, Zhejiang Province, the PRC.

The Company is a drug discovery Research & Development centre. The Company and its subsidiaries (the "Group") are principally engaged in the research, development and commercialisation of pharmaceutical products.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are as follows:

Name	Place and date of incorporation/registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
TYK Medicines (Shanghai) Co., Ltd.* (上海同源康醫藥有限公司) *(Note a)*	People's Republic of China ("PRC")/ Chinese Mainland, 25 May 2020	RMB100,000,000	100%	–	Administrative headquarters
TYK Medicines (Zhengzhou) Co., Ltd.* (鄭州同源康醫藥有限公司) *(Note a)*	PRC/Chinese Mainland, 28 October 2020	RMB45,000,000	100%	–	Research and development
Kangyuan Pharmaceuticals (Changxing) Co., Ltd.* (長興康源製藥有限公司) *(Note a)* ("Changxing Kangyuan")	PRC/Chinese Mainland, 25 March 2021	RMB20,000,000	70%	–	Research and development
Yabao Biotechnology (Shanghai) Co., Ltd.* (上海雅葆生物科技有限公司) *(Note b) (Note 34)*	PRC/Chinese Mainland, 22 November 2021	RMB40,000,000	100%	–	Research and development
TYK Medicines USA, Inc	United States of America ("USA"), 16 May 2023	USD1,000,000	100%	–	Research and development

* These entities are limited liability enterprises established under the PRC law. The English names of these companies represent the best effort made by the directors of the Company (the "Directors"), as none of them have been registered with official English names.

Notes:

a. The statutory financial statements of the company for the year ended 31 December 2022 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by Shenzhen Ju Yuan Li De Certified Public Accountants LLP. The statutory financial statements of the company for the year ended 31 December 2023 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by Zhejiang Zhejing Tiance Certified Public Accountants Co., Ltd.

b. The statutory financial statements of the company for the year ended 31 December 2022 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by Shenzhen Ju Yuan Li De Certified Public Accountants LLP. No audited financial statements have been prepared for the entity for the year ended 31 December 2023 as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

The investments in subsidiaries in the Company's statements of financial position represent:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments, at cost	184,000	199,000	199,000

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance.

All HKFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

These financial statements have been prepared under the historical cost convention, except for Redemption liabilities on equity shares and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group incurred losses continually during the Relevant Periods due to the pre-revenue stage of its new drug research and development businesses. The Group recorded net liabilities of RMB934,673,000 and net current liabilities of RMB1,111,723,000 as at 31 March 2024, primarily due to the significant amount of the redemption liabilities on equity shares of RMB1,169,053,000 arising from the financing with redemption feature from Pre-IPO investors. The redemption feature has ceased to be effective from the date before the date of the first submission of the first listing application form for the Listing and shall be reinstated in the event where (i) the Company withdraws its application for the public offering, (ii) the Stock Exchange, the SFC or any competent securities regulatory authority has decided not to approve or to reject the listing application of our Company or otherwise terminate the listing application review procedure, or (iii) the Company fails to complete the public offering within 14 months from the date of submission of the application to the Stock Exchange. Further, redemption liabilities on equity shares will be derecognized from liabilities as a result of the termination of all special rights upon the Listing. Based on the latest application status, the directors of the Company are of the opinion that the Company is expected to complete the public offering successfully within 14 months from the application and therefore the redemption feature will unlikely be restored in the twelve months from 31 March 2024.

The directors of the Company further assessed whether the Group have sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group, including cash and cash equivalents on hand and the estimated net proceeds from the Listing. The Company has prudently prepared a full-speed budget based for pivotal Phase II/Phase III clinical trials of its core products and other early-stage pipelines for 2024 assuming the Company is able to raise proceeds from the Listing as well as a backbone budget plan to advance all necessary R&D activities for its core products assuming the Company is unable to raise proceeds from the Listing. Based on the rigorous review of the budget under either full-speed or backbone scenario, the directors of the Company are satisfied that the Group would have sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group for next twelve months from 31 March 2024.

Accordingly, the directors of the Company concluded that it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Relevant Periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosure*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]

[1] Effective for annual periods beginning on or after 1 January 2025

[2] Effective for annual periods beginning on or after 1 January 2026

[3] Effective for annual periods beginning on or after 1 January 2027

[4] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these revised HKFRSs upon initial application. So far, the Group considers that these revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statement on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and equipment	20% to 33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of the reporting periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following estimated useful lives:

Intellectual property . . . . . 13 to 20 years

Intellectual property is recognised as intangible assets at historical cost and amortised using the straight-line method over its estimated useful life of 13 to 20 years, which is determined by reference to the authorised useful life and the management's estimation. The estimation is made considering the protection period of the Intellectual property. It is subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises . . . . . 2 to 5 years
Land use right . . . . . 20 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate used to determine such lease payments) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in a separate line on the consolidated statements of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and other long-term payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include redemption liabilities on equity shares.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the Group receives government loans granted with no or at a below-market rate of interest, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the profit or loss over the period of the loan.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Collaboration revenue

At contract inception, the Group analyses the collaboration arrangements to assess whether they are within the scope of HKFRS 11 *Joint Arrangements* to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and are exposed to significant risks and rewards dependent on the commercial success of such activities.

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under each of the collaboration agreements, the management of the Company perform the five-step model under HKFRS 15. The collaboration arrangements may contain more than one unit of account or performance obligation, including grants of licenses to intellectual property rights (the "Licenses"), agreements to provide research and development services and other deliverables. The collaborative arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licenses of intellectual property

Upfront non-refundable payments for Licenses are evaluated to determine if they are distinct from the other performance obligations identified in the arrangements. For the Licenses determined to be distinct, the Group recognises revenues from non-refundable up-front fees allocated to the licenses at a point in time, when the Licenses are transferred to the licensee and the licensee is able to use and benefit from the Licenses.

Research and development services

The portion of the transaction price allocated to research and development service performance obligations is deferred and recognised as collaboration revenue at the point in time when the research and development services are rendered to customers.

Milestone payments

At the inception of each arrangement that includes development milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The management of the Company will assess whether the variable consideration is fully constrained for each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Due to the inherent uncertainty with the approval process, regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the Licenses that are deemed to be the predominant items to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalties have been allocated is satisfied (or partially satisfied).

Other income

Bank interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Group operates a restricted share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of restricted shares unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Chinese Mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund — Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting periods and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the reporting periods are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligation under contracts which have bundled sales of the Licenses and research and development services

The Group have a contract which provides the Licenses together with preclinical research and development services to a customer. The Group determined that both the Licenses and research and development services are not distinct. The Group is providing a significant integration service because the presence of the Licenses and research and development services together in the contract result in a combined functionality. In addition, the Licenses and research and development services are highly interdependent or highly interrelated, because the Group would not be able to transfer the Licenses if the research and development services were not completed. Consequently, the Group has combined the sales of the Licenses and research and development services as a single performance obligation.

(b) Determining the timing of satisfaction of the Licenses and research and development services

For the Licenses which the customer gets a right to use, revenue for the Licenses and research and development services is recognised at the point of time when the control of the Licenses is transferred to the customer and the customer is able to consume and benefit from the Licenses.

The Group's revenue is generated from the collaboration agreement with Livzon Pharmaceutical Group Inc., which generally contains multiple performance obligations including (1) grants of licenses to intellectual property rights and (2) providing research and development services and other deliverables.

Research and development expenses

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as a subsidiary's stand-alone credit rating).

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period, no indication of impairment for property, plant and equipment and right-of-use assets are identified by the Group.

Fair value of financial instruments

The redemption liabilities on equity shares issued by the Group are not traded in an active market and the respective fair values are calculated as the higher of (i) the original investment principal from investors, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (referred as "P+I"); (ii) the net assets of the Company audited by an accountant firm with experience in securities practice that is selected by the Company and approved by the investors at the time of transfer held by the investors; and (iii) the investment principal plus the increase of the shareholders' equity of the Company held by the investors in proportion to the shareholding period.

The fair values of redemption liabilities on equity shares of the Group as at 31 December 2022 and 2023 and 31 March 2024 were RMB882,534,000 and RMB1,145,324,000 and RMB1,169,053,000, respectively. Further details are set out in note 33 to the Historical Financial Information.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Performance-based restricted shares

The Group estimates the number of share awards contingently issuable when determining the share-based expenses, which depends on the achievement of certain non-market performance targets of the Group under the Employee Incentive Scheme (as defined in note 28 to the Historical Financial Information). This requires an estimation of the performance targets to be achieved by the Group, including completion of public offering. The Group recorded nil and RMB3,887,000 and RMB3,138,000 share-based payment compensation expenses during the year ended 31 December 2022 and 2023 and the three months ended 31 March 2024.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is developing and commercialising pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since all of the Group's non-current assets were located in Chinese Mainland, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Type of services				
Collaboration revenue	44,242	–	–	–
Timing of revenue recognition				
Transferred at a point in time	44,242	–	–	–

(b) Performance obligations

Licensing-out of intellectual property

In August 2020, the Group entered into an exclusive license agreement (the "Livzon Agreement") with Livzon Pharmaceutical Group Inc. ("Livzon") to research, develop, improve, manufacture, use, sell, contract and commercialize ROS1/NTRK/ALK multi-target small molecule broad-spectrum tyrosine kinase inhibitor ("TY-2136b") in Great China. Pursuant to the Livzon Agreement, the Group is entitled to receive upfront payment, milestone payment and royalty payment for licensing and preclinical support.

The Group recognised collaboration revenue of RMB44,242,000 related to licensing-out of TY-2136b during the year ended 31 December 2022.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income				
Government grants related to income	6,621	16,245	181	2,303
Government grants related to interest-free financing	1,890	6,075	1,373	1,709
Bank interest income	2,023	700	240	428
Gains				
Investment income on financial assets at FVTPL	5,348	3,025	1,568	12
Gain/(loss) on fair value changes of financial assets at FVTPL	341	(726)	(353)	286
Gain on termination of a lease contract	–	8	–	2
Foreign exchange gains, net	–	101	–	–
Total	16,223	25,428	3,009	4,740

7. OTHER EXPENSES

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss on disposals of property, plant and equipment	37	10	–	–
Donation to not-for-profit organisations	50	5	5	–
Others	15	–	–	70
Total	102	15	5	70

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		Year ended 31 December		Three months ended 31 March	
	Notes	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of services provided		24,199	–	–	–
Depreciation of property, plant and equipment*	*15*	5,337	7,798	1,651	2,314
Depreciation of right-of-use assets**	*16*	5,332	14,185	3,657	3,598
Amortisation of intangible assets***	*17*	5,660	5,659	1,415	1,414
Research and development costs					
Current year expenditure		179,364	185,408	39,582	50,042
Loss on disposal of items of property, plant and equipment	*7*	37	10	–	–

	Notes	Year ended 31 December		Three months ended 31 March	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expenses relating to short-term leases	*16*	1,020	923	225	238
Listing expenses		–	8,004	–	7,689
Staff costs (including directors' emoluments)****:					
– Salaries, discretionary bonuses, allowances and benefits in kind		56,186	63,918	15,158	12,939
– Pension scheme contributions		2,269	3,026	701	666
– Share-based payment compensation		–	3,887	–	3,138
		58,455	70,831	15,859	16,743

* The depreciation of property, plant and equipment for the Relevant Periods and three months ended 31 March 2023 is included in "Cost of sales", "Research and development costs" and "Administrative expenses" in profit or loss.

** The depreciation of right-of-use assets for the Relevant Periods and three months ended 31 March 2023 is included in "Research and development costs" and "Administrative expenses" in profit or loss and "Construction in progress" in the consolidated statement of financial position.

*** The amortisation of intellectual property for the Relevant Periods and three months ended 31 March 2023 is included in "Research and development costs" in profit or loss.

**** The staff cost for the Relevant Periods and three months ended 31 March 2023 is included in "Cost of sales", "Research and development costs" and "Administrative expenses" in profit or loss.

9. FINANCE COSTS

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities *(note 16)*	1,094	2,358	694	414
Interest expenses of government funding	2,162	6,370	1,443	1,786
Interest on bank loans	–	–	–	161
Transaction cost on issue of redemption liabilities on equity shares	12,250	13,508	–	–
Total	15,506	22,236	2,137	2,361

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Periods and three months ended 31 March 2023, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	4,506	5,878	1,454	1,206
Pension scheme contributions	95	100	26	40
Housing funds, medical insurance and other social insurance	86	93	23	42
Share-based payment compensation	–	670	–	1,140
Total	4,687	6,741	1,503	2,428

(a) Executive directors, non-executive directors, supervisors and the chief executive

	Salaries, allowances and benefits in kind	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2022				
Chief executive and executive director:				
Dr. Wu Yusheng *(Note (a))*	2,153	4	7	2,164
Directors:				
Dr. Li Jun *(Note (b))*	600	4	7	611
Dr. Gu Eric Hong *(Note (e))*	–	–	–	–
Dr. Sun Feng *(Note (f))*	–	–	–	–
Dr. Li Li *(Note (g))*	–	–	–	–
Dr. Meng Xiaoying *(Note (h))*	–	–	–	–
Dr. Jiang En *(Note (i))*	–	–	–	–
Mr. He Chao *(Note (j))*	–	–	–	–
Supervisors:				
Dr. Niu Chengshan *(Note (c))*	1,105	13	19	1,137
Dr. Liang Apeng *(Note (d))*	648	65	62	775
Ms. Shang Jing *(Note (k))*	–	–	–	–
Dr. Li Jun *(Note (l))*	–	–	–	–
Dr. Liu Xingyu *(Note (m))*	–	–	–	–
Total	4,506	86	95	4,687

	Salaries, allowances and benefits in kind	Share-based payment compensation	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2023					
Chief executive and executive director:					
Dr. Wu Yusheng *(Note (a))*	2,360	510	3	4	2,877
Directors:					
Dr. Li Jun *(Note (b))*	900	–	1	1	902
Dr. Gu Eric Hong *(Note (e))*	–	–	–	–	–
Dr. Sun Feng *(Note (f))*	–	–	–	–	–
Dr. Li Li *(Note (g))*	–	–	–	–	–
Dr. Meng Xiaoying *(Note (h))*	–	–	–	–	–
Dr. Jiang En *(Note (i))*	–	–	–	–	–
Mr. He Chao *(Note (j))*	–	–	–	–	–
Dr Gao Tianhua *(Note (n))*	–	–	–	–	–
Supervisors:					
Dr. Niu Chengshan *(Note (c))*	1,410	58	13	20	1,501
Dr. Liang Apeng *(Note (d))*	1,208	102	76	75	1,461
Ms. Shang Jing *(Note (k))*	–	–	–	–	–
Dr. Li Jun *(Note (l))*	–	–	–	–	–
Dr. Liu Xingyu *(Note (m))*	–	–	–	–	–
Total	5,878	670	93	100	6,741

	Salaries, allowances and benefits in kind	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended 31 March 2023 *(unaudited)*				
Chief executive and executive director:				
Dr. Wu Yusheng *(Note (a))*	585	1	2	588
Directors:				
Dr. Li Jun *(Note (b))*	225	1	1	227
Dr. Gu Eric Hong *(Note (e))*	–	–	–	–
Dr. Sun Feng *(Note (f))*	–	–	–	–
Dr. Li Li *(Note (g))*	–	–	–	–
Dr. Meng Xiaoying *(Note (h))*	–	–	–	–
Dr. Jiang En *(Note (i))*	–	–	–	–
Mr. He Chao *(Note (j))*	–	–	–	–
Supervisors:				
Dr. Niu Chengshan *(Note (c))*	352	3	5	360
Dr. Liang Apeng *(Note (d))*	292	18	18	328
Ms. Shang Jing *(Note (k))*	–	–	–	–
Dr. Li Jun *(Note (l))*	–	–	–	–
Dr. Liu Xingyu *(Note (m))*	–	–	–	–
Total	1,454	23	26	1,503

	Salaries, allowances and benefits in kind	Share-based payment compensation	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended 31 March 2024					
Chief executive and executive director:					
Dr. Wu Yusheng *(Note (a))*	346	412	–	–	758
Executive Director:					
Dr. Jiang Mingyu *(Note (o))*	156	599	19	18	792
Directors:					
Dr. Sun Feng *(Note (f))*	–	–	–	–	–
Dr. Li Li *(Note (g))*	–	–	–	–	–
Dr. Jiang En *(Note (i))*	–	–	–	–	–
Dr. Gao Tianhua *(Note (n))*	–	–	–	–	–
Non-executive directors:					
Dr. Li Jun *(Note (b))*	225	–	–	–	225
Dr. Gu Eric Hong *(Note (e))*	–	–	–	–	–

	Salaries, allowances and benefits in kind	Share-based payment compensation	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. Meng Xiaoying *(Note (h))*	–	–	–	–	–
Mr. He Chao *(Note (j))*	–	–	–	–	–
Dr. Ding Zhao *(Note (p))*	–	–	–	–	–
Independent non-executive directors:					
Mr. Zhang Senquan *(Note (q))*	25	–	–	–	25
Dr. Leng Yuting *(Note (r))*	25	–	–	–	25
Dr. Xu Wenqing *(Note (s))*	25	–	–	–	25
Dr. Shen Xiuhua *(Note (t))*	25	–	–	–	25
Supervisors:					
Dr. Niu Chengshan *(Note (c))*	231	47	3	3	284
Dr. Liang Apeng *(Note (d))*	148	82	20	19	269
Ms. Shang Jing *(Note (k))*	–	–	–	–	–
Dr. Li Jun *(Note (l))*	–	–	–	–	–
Dr. Liu Xingyu *(Note (m))*	–	–	–	–	–
Total	1,206	1,140	42	40	2,428

Notes:

(a) Dr. Wu Yusheng was appointed as an executive director and the chief executive director of the Company with effect from November 2017.

(b) Dr. Li Jun was appointed as a director with effect from January 2021 and was appointed as a non-executive director with effect from January 2024.

(c) Dr. Niu Chengshan was appointed as a supervisor with effect from May 2018.

(d) Dr. Liang Apeng was appointed as a supervisor with effect from November 2017.

(e) Dr. Gu Eric Hong was appointed as a director with effect from November 2017 and was appointed as a non-executive director with effect from January 2024.

(f) Dr. Sun Feng was appointed as a director with effect from May 2019 and resigned in January 2024.

(g) Dr. Li Li was appointed as a director with effect from January 2021 and resigned in January 2024.

(h) Dr. Meng Xiaoying was appointed as a director with effect from January 2021 and was appointed as a non-executive director with effect from January 2024.

(i) Dr. Jiang En was appointed as a director with effect from July 2021 and resigned in January 2024.

(j) Mr. He Chao was appointed as a director with effect from June 2022 and was appointed as a non-executive director with effect from January 2024.

(k) Ms. Shang Jing was appointed as a supervisor with effect from January 2021.

(l) Dr. Li Jun was appointed as a supervisor with effect from July 2021 and resigned in January 2024.

(m) Dr. Liu Xingyu was appointed as a supervisor with effect from July 2021 and resigned in January 2024.

(n) Dr. Gao Tianhua was appointed as a director with effect from June 2023 and resigned in January 2024.

(o) Dr. Jiang Mingyu was appointed as an executive director with effect from January 2024.

(p) Dr. Ding Zhao was appointed as a non-executive director with effect from January 2024.

(q) Mr. Zhang Senquan was appointed as an independent non-executive director with effect from January 2024.

(r) Dr. Leng Yuting was appointed as an independent non-executive director with effect from January 2024.

(s) Dr. Xu Wenqing was appointed as an independent non-executive director with effect from January 2024.

(t) Dr. Shen Xiuhua was appointed as an independent non-executive director with effect from January 2024.

During the Relevant Periods and three months ended 31 March 2023, restricted shares were granted to two directors and two supervisors in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and three months ended 31 March 2023 is included in the above executive directors, non-executive directors, supervisors and the chief executive' remuneration disclosures.

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Reporting Period.

11. FIVE HIGHEST PAID EMPLOYEES

Included in the five highest paid employees during the Relevant Periods and three months ended 31 March 2023 are one, one, one director and two directors, respectively, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and three months ended 31 March 2023, respectively, are as follows:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	7,453	8,570	2,189	1,222
Pension scheme contributions	51	119	29	14
Housing funds, medical insurance and other social insurance	56	132	32	19
Share-based payment compensation	–	2,478	–	1,401
Total	7,560	11,299	2,250	2,656

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Nil to HKD1,000,000	–	–	4	2
HKD1,500,001 to HKD2,000,000	3	–	–	1
HKD2,000,001 to HKD2,500,000	–	1	–	–
HKD2,500,001 to HKD3,500,000	1	1	–	–
HKD3,500,001 to HKD4,000,000	–	2	–	–
	=	=	=	=

During the Relevant Periods and three months ended 31 March 2023, restricted shares were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and three months ended 31 March 2023 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the Relevant Periods and three months ended 31 March 2023, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("EIT") rate of the PRC subsidiaries was 25% during the Relevant Periods and three months ended 31 March 2023 except for the Company which was subject to tax concession set out below.

The Company was accredited as a "High and New Technology Enterprise" ("HNTE") in 2022. Therefore, the Company was entitled to a preferential EIT rate of 15% for the Relevant Periods and three months ended 31 March 2023. The qualification as a HNTE Enterprise is subject to review by the relevant tax authority in the PRC every three years.

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(311,802)	(383,171)	(83,214)	(107,778)
Tax at the statutory tax rate (15%)	(46,770)	(57,476)	(12,482)	(16,167)
Effect of different tax rates enacted by local authorities	(3,840)	(5,413)	(1,028)	(979)
Additional deductible allowance for research and development expenses	(27,432)	(40,030)	(8,366)	(10,368)
Deductible temporary difference and tax losses not recognised	77,683	102,537	21,784	27,392
Expenses not deductible for tax	359	382	92	122
Tax charge at the Group's effective rate	–	–	–	–

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

According to the EIT Law, an additional 75% of qualified research and development expenses incurred was allowed to be deducted from taxable income effective from 1 January 2022 to 30 September 2022. An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income effective from 1 October 2022.

13. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and three months ended 31 March 2023.

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year/period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 277,817,000, 288,774,000, 287,989,000 and 317,756,000 in issue during the Relevant Periods and three months ended 31 March 2023, respectively.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and three months ended 31 March 2023.

The calculation of basic and loss per share is based on:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss				
Loss attributable to ordinary equity holders of the parent	(310,993)	(382,427)	(83,007)	(107,521)
Shares				
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	277,817,000	288,774,000	287,989,000	317,756,000
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Express in RMB)				
Basic and diluted	(1.12)	(1.32)	(0.29)	(0.34)

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	11,247	5,622	5,731	22,600
Accumulated depreciation	(2,012)	(893)	–	(2,905)
Net carrying amount	9,235	4,729	5,731	19,695
At 1 January 2022, net of accumulated depreciation	9,235	4,729	5,731	19,695
Additions	5,820	1,933	60,577	68,330
Disposal	(40)	–	–	(40)
Transfer	–	1,311	(1,311)	–
Depreciation provided during the year	(3,151)	(2,186)	–	(5,337)
At 31 December 2022, net of accumulated depreciation	11,864	5,787	64,997	82,648
At 31 December 2022:				
Cost	17,027	8,866	64,997	90,890
Accumulated depreciation	(5,163)	(3,079)	–	(8,242)
Net carrying amount	11,864	5,787	64,997	82,648
31 December 2023				
At 1 January 2023:				
Cost	17,027	8,866	64,997	90,890
Accumulated depreciation	(5,163)	(3,079)	–	(8,242)
Net carrying amount	11,864	5,787	64,997	82,648
At 1 January 2023, net of accumulated depreciation	11,864	5,787	64,997	82,648
Additions	1,751	6,817	74,169	82,737
Disposal	(10)	(67)	–	(77)
Depreciation provided during the year	(3,762)	(4,036)	–	(7,798)
At 31 December 2023, net of accumulated depreciation	9,843	8,501	139,166	157,510
At 31 December 2023:				
Cost	18,629	15,377	139,166	173,172
Accumulated depreciation	(8,786)	(6,876)	–	(15,662)
Net carrying amount	9,843	8,501	139,166	157,510
31 March 2024				
At 1 January 2024:				
Cost	18,629	15,377	139,166	173,172
Accumulated depreciation	(8,786)	(6,876)	–	(15,662)
Net carrying amount	9,843	8,501	139,166	157,510

	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024, net of accumulated depreciation	9,843	8,501	139,166	157,510
Additions	24	31	7,956	8,011
Disposal	–	(4,760)	–	(4,760)
Transfer	–	10,349	(10,349)	–
Depreciation provided during the period	(942)	(1,372)	–	(2,314)
At 31 March 2024, net of accumulated depreciation	8,925	12,749	136,773	158,447
At 31 March 2024:				
Cost	18,653	20,997	136,773	176,423
Accumulated depreciation	(9,728)	(8,248)	–	(17,976)
Net carrying amount	8,925	12,749	136,773	158,447

As at 31 December 2022 and 2023 and 31 March 2024, there were no pledged property, plant and equipment.

The Company

	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	6,342	5,568	1,285	13,195
Accumulated depreciation	(1,661)	(890)	–	(2,551)
Net carrying amount	4,681	4,678	1,285	10,644
At 1 January 2022, net of accumulated depreciation	4,681	4,678	1,285	10,644
Additions	2,558	1,827	–	4,385
Disposal	(40)	–	–	(40)
Transfer	–	1,285	(1,285)	–
Depreciation provided during the year	(1,601)	(2,154)	–	(3,755)
At 31 December 2022, net of accumulated depreciation	5,598	5,636	–	11,234
At 31 December 2022:				
Cost	8,815	8,680	–	17,495
Accumulated depreciation	(3,217)	(3,044)	–	(6,261)
Net carrying amount	5,598	5,636	–	11,234
31 December 2023				
At 1 January 2023:				
Cost	8,815	8,680	–	17,495
Accumulated depreciation	(3,217)	(3,044)	–	(6,261)
Net carrying amount	5,598	5,636	–	11,234

	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023, net of accumulated depreciation	5,598	5,636	–	11,234
Additions	1,459	6,805	10,349	18,613
Disposal	(7)	(67)	–	(74)
Depreciation provided during the year	(1,986)	(3,979)	–	(5,965)
At 31 December 2023, net of accumulated depreciation	5,064	8,395	10,349	23,808
At 31 December 2023:				
Cost	10,178	15,179	10,349	35,706
Accumulated depreciation	(5,114)	(6,784)	–	(11,898)
Net carrying amount	5,064	8,395	10,349	23,808
31 March 2024				
At 1 January 2024:				
Cost	10,178	15,179	10,349	35,706
Accumulated depreciation	(5,114)	(6,784)	–	(11,898)
Net carrying amount	5,064	8,395	10,349	23,808
At 1 January 2024, net of accumulated depreciation	5,064	8,395	10,349	23,808
Additions	24	31	–	55
Disposal	–	(4,760)	–	(4,760)
Transfer	–	10,349	(10,349)	–
Depreciation provided during the period	(497)	(1,316)	–	(1,813)
At 31 March 2024, net of accumulated depreciation	4,591	12,699	–	17,290
At 31 March 2024:				
Cost	10,202	20,799	–	31,001
Accumulated depreciation	(5,611)	(8,100)	–	(13,711)
Net carrying amount	4,591	12,699	–	17,290

As at 31 December 2022 and 2023 and 31 March 2024, there were no pledged property, plant and equipment.

16. LEASES

The Group as a lessee

The Group has lease contracts for land use right and various items of office premises used in its operations. Land use right has term for usage of approximately 20 to 50 years and leases of office premises generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Land use right	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022			
As at 1 January 2022	26,489	13,180	39,669
Addition	30,083	43,128	73,211
Depreciation charge	(659)	(4,673)	(5,332)
As at 31 December 2022	55,913	51,635	107,548

	Land use right	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023			
As at 1 January 2023	55,913	51,635	107,548
Depreciation charge	(2,037)	(13,081)	(15,118)
Lease termination	–	(95)	(95)
As at 31 December 2023	53,876	38,459	92,335

	Land use right	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 March 2024			
As at 1 January 2024	53,876	38,459	92,335
Depreciation charge	(509)	(3,223)	(3,732)
Lease termination	–	(199)	(199)
As at 31 March 2024	53,367	35,037	88,404

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	14,380	55,950	41,729
New leases	43,128	–	–
Accretion of interest recognised during the year/period	1,094	2,358	414
Covid-19-related rent concessions	(1,041)	–	–
Lease termination	–	(103)	(201)
Payments	(1,611)	(16,476)	(1,039)
Carrying amount at 31 December and 31 March	55,950	41,729	40,903
Analysed into:			
Current portion	23,492	22,226	22,626
Non-current portion	32,458	19,503	18,277

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets	5,332	14,185	3,598
Interest on lease liabilities	1,094	2,358	414
Lease termination	–	(8)	(2)
Expenses relating to short-term leases	1,020	923	238
Total amount recognised in profit or loss	7,446	17,458	4,248

(d) The total cash outflow for leases is disclosed in note 29(c) to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 2 and 5 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Office premises
	RMB'000
As at 31 December 2022	
As at 1 January 2022	8,167
Addition	30,019
Depreciation charge	(3,465)
As at 31 December 2022	34,721

	Office premises
	RMB'000
As at 31 December 2023	
As at 1 January 2023	34,721
Depreciation charge	(8,640)
Lease termination	(95)
As at 31 December 2023	25,986

	Office premises
	RMB'000
As at 31 March 2024	
As at 1 January 2024	25,986
Depreciation charge	(2,144)
As at 31 March 2024	23,842

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	8,529	36,739	28,962
New leases	30,019	–	–
Accretion of interest recognised during the year	770	1,646	299
Covid-19-related rent concessions	(1,041)	–	–
Lease termination	–	(103)	–
Payments	(1,538)	(9,320)	(1,039)
Carrying amount at 31 December and 31 March	36,739	28,962	28,222
Analysed into:			
Current portion	13,496	14,463	14,619
Non-current portion	23,243	14,499	13,603

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets	3,465	8,640	2,144
Interest on lease liabilities	770	1,646	299
Lease termination	–	(8)	–
Expenses relating to short-term leases	903	906	236
Total amount recognised in profit or loss	5,138	11,184	2,679

17. INTANGIBLE ASSETS

	Intellectual property
	RMB'000
31 December 2022	
At 1 January 2022:	
Cost	100,000
Accumulated amortisation	(20,610)
Net carrying amount	79,390
At 1 January 2022, net of accumulated amortisation	79,390
Amortisation provided during the year	(5,660)
At 31 December 2022, net of accumulated amortisation	73,730
At 31 December 2022:	
Cost	100,000
Accumulated amortisation	(26,270)
Net carrying amount	73,730

	Intellectual property
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	100,000
Accumulated amortisation	(26,270)
Net carrying amount	73,730
At 1 January 2023, net of accumulated amortisation	73,730
Amortisation provided during the year	(5,659)
At 31 December 2023, net of accumulated amortisation	68,071
At 31 December 2023:	
Cost	100,000
Accumulated amortisation	(31,929)
Net carrying amount	68,071

	Intellectual property
	RMB'000
31 March 2024	
At 1 January 2024:	
Cost	100,000
Accumulated amortisation	(31,929)
Net carrying amount	68,071
At 1 January 2024, net of accumulated amortisation	68,071
Amortisation provided during the period	(1,414)
At 31 March 2024, net of accumulated amortisation	66,657
At 31 March 2024:	
Cost	100,000
Accumulated amortisation	(33,343)
Net carrying amount	66,657

Intangible assets are tested for impairment based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate CGU is at the product level. The intangible assets represent intellectual properties and technologies for TY-302, a product of CDK4/6 inhibitor indicated for prostate cancer and breast cancer, at the end each of the reporting periods. The recoverable amount of TY-302 CGU was determined based upon its fair value less costs of disposal. The fair value was estimated using the market approach.

The estimated revenue of TY-302 is based on peak-sales multiple and management's expectations of timing of commercialization and success rate of commercialization of TY-302. The management of the Company estimated that TY-302 will be able to generate revenue from 2029 to 2039, with a growing trend in its revenue in the first six years, and reach its peak sales in 2035 and 2036. The peak-sales multiple, ranging from 3.3 to 3.7, was calculated based on comparable transactions and the expected peak sales and market penetration of the product. The expected success rate of commercialization of TY-302, ranging from 21.6% to 54.9%, was determined based on market practices in the pharmaceutical industry, development of technologies and related regulations from authorities. The post-tax discount rate used, ranging from 13.7% to 15.6%, reflects specific risks relating to TY-302.

Below is a summary of key parameters to the valuation of intangible asset together with a quantitative sensitivity analysis and headroom at the end of reporting periods.

As at 31 December 2022

Key parameters		Sensitivity for fair value to the input	Headroom
			RMB'000
Peak-sales multiple	3.7	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB8,648 thousand.	
Expected success rate of commercialization of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialization of TY-302 would result in increase/(decrease) in fair value by RMB8,648 thousand.	16,204
Expected success rate of commercialization of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate	15.6%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(15,142 thousand)/16,714 thousand.	

As at 31 December 2023

Key parameters		Sensitivity for fair value to the input	Headroom
			RMB'000
Peak-sales multiple	3.4	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB10,573 thousand.	
Expected success rate of commercialization of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialization of TY-302 would result in increase/(decrease) in fair value by RMB10,573 thousand.	51,513
Expected success rate of commercialization of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate	14.4%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(16,105 thousand)/17,549 thousand.	

As at 31 March 2024

Key parameters		Sensitivity for fair value to the input	Headroom
			RMB'000
Peak-sales multiple	3.3	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB11,492 thousand.	
Expected success rate of commercialization of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialization of TY-302 would result in increase/(decrease) in fair value by RMB11,492 thousand.	63,148
Expected success rate of commercialization of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate	13.7%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(8,808 thousand)/9,445 thousand.	

The management believes that, any reasonably possible change in the key parameters would not cause the CGU's carrying amount to exceed its recoverable amount.

Based on the result of the impairment tests on TY-302 CGU, the intangible assets were not impaired during the Relevant Periods.

18. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Value-added tax recoverable	7,455	14,975	18,668
Prepayments for long-term assets	6,205	274	3,914
Rental deposits	1,373	1,581	1,633
Total	15,033	16,830	24,215
Current:			
Prepayments for research and development services	28,217	33,202	36,267
Deferred listing expense	–	5,391	9,502
Others	1,856	1,794	2,320
Total	30,073	40,387	48,089

The Company

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Value-added tax recoverable	3,516	5,916	9,059
Prepayments for long-term assets	2,769	–	3,178
Rental deposits	1,335	1,436	1,521
Total	7,620	7,352	13,758
Current:			
Prepayments for research and development services	27,842	32,469	35,637
Deferred listing expense	–	5,391	9,502
Others	1,280	914	1,470
Total	29,122	38,774	46,609

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

19. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	152,727	6,001	75,287

The Company

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	132,686	–	55,283

These wealth management products were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The fair values are based on cash flows discounted using the expected yield rate and are within Level 2 of the fair value hierarchy.

20. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	90,762	186,830	77,208
Time deposits over three months*	–	–	60,000
Cash and cash equivalents	90,762	186,830	137,208
Denominated in			
RMB	90,762	186,824	137,202
USD	–	6	6

The Company

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	34,039	139,748	53,593
Time deposits over three months*	–	–	60,000
Cash and bank balances	34,039	139,748	113,593
Denominated in			
RMB	34,039	139,748	113,593

* It represents time deposit in commercial banks of which the term is more than three months.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	9,664	32,167	22,063
Payroll payables	4,350	10,253	3,691
Accrued expenses for research and development services	16,351	36,688	40,902
Accrued listing expense	–	3,868	4,478
Other taxes payables	2,053	459	12
Other payables			
– Payables for property, plant and equipment	23,522	32,671	26,878
– Payables for transaction cost on issue of redemption liabilities on equity shares	–	13,508	–
– Others	274	3,815	2,116
Total	56,214	133,429	100,140

An ageing analysis of the trade payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	9,471	28,406	16,330
3 to 6 months	151	3,403	4,678
6 months to 1 year	–	356	991
Over 1 year	42	2	64
Total	9,664	32,167	22,063

The trade payables are non-interest-bearing and payable on demand, which are normally settled on terms of 1 to 3 months.

The Company

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	9,331	31,193	21,234
Payroll payables	1,795	5,975	1,772
Accrued expenses for research and development services	15,624	36,176	40,356

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Accrued listing expense	–	3,868	4,478
Other taxes payables	744	145	–
Other payables			
– Payables for property, plant and equipment	–	2,677	235
– Payables for transaction cost on issue of redemption liabilities on equity shares	–	13,508	–
– Others	242	2,644	1,742
Total	27,736	96,186	69,817

An ageing analysis of the trade payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	9,147	27,527	16,191
3 to 6 months	151	3,308	4,013
6 months to 1 year	–	356	965
Over 1 year	33	2	65
Total	9,331	31,193	21,234

The trade payables are non-interest-bearing and payable on demand, which are normally settled on terms of 1 to 3 months.

22. REDEMPTION LIABILITIES ON EQUITY SHARES

From April 2018 to December 2023, the Company had received several rounds of investments as follows:

In April 2018, the Company issued 20,000,000 angel round equity shares with a par value of RMB1.00 per share ("Angel Round Shares") to several independent investors for a cash consideration of RMB20,000,000 or RMB1.00 per share.

In April 2019, the Company issued 12,600,000 series pre-A equity shares with a par value of RMB1.00 per share ("Series Pre-A Shares") to one independent investor for a cash consideration of RMB30,000,000 or RMB2.38 per share.

In December 2020, the Company issued 55,200,000 series B equity shares with a par value of RMB1.00 per share ("Series B Shares") to several independent investors for a cash consideration of RMB230,000,000 or RMB4.17 per share.

In April 2021, the Company issued first tranche of series B2 equity shares of 9,216,000 with a par value of RMB1.00 per share ("Series B2 Shares") to several independent investors for a cash consideration of RMB45,000,000 or RMB4.88 per share.

In May 2021, the Company issued second tranche of series B2 equity shares of 23,285,760 with a par value of RMB1.00 per share ("Series B2 Shares") to several independent investors for a cash consideration of RMB113,700,000 or RMB4.88 per share.

In November 2021, the Company issued first tranche of series C equity shares of 18,778,698 with a par value of RMB1.00 per share ("Series C Shares") to several independent investors for a cash consideration of RMB150,000,000 or RMB7.99 per share. The Company received RMB145,000,000 with 18,152,741 of the first tranche of Series C Shares issued.

In December 2021, the Company issued second tranche of Series C Shares of 22,534,437 to Series C holders and several independent investors for a cash consideration of RMB180,000,000 or RMB7.99 per share. The cash consideration for Series C Shares was received in 2022.

In August 2023, the Company issued first tranche of series D equity shares of 8,898,296 with a par value of RMB1.00 per share ("Series D Shares") to several independent investors for a cash consideration of RMB85,000,000 or RMB9.55 per share.

In December 2023, the Company issued second tranche of Series D Shares of 10,468,584 to Series D holders and an independent investor for a cash consideration of RMB100,000,000 or RMB9.55 per share.

Angel Round Shares, Series Pre-A Shares, Series A Shares. Series B Shares, Series B2 Shares, Series C Shares and Series D Shares are collectively referred as Shares.

The key terms of the Shares are summarized as follows:

(a) Redemption features

Upon occurrence of the following events, the Shares shall be redeemable at the option of the Shareholders: (i) any material breach or violation of, or inaccuracy or misrepresentation in any representation or warranty made by any entity within the Group or the existing shareholders of the Group in the Share Agreement (The R&D materials and experimental data provided are false or major omissions); (ii) IPO failure or expected IPO failure on 31 December 2024; (iii) any criminal investigation of the Group or the actual controller, or administrative penalties or other major violations of laws and regulations affecting the Company's qualified IPO; (iv) the resignation of the actual controller and 50% or more than of the Company's core personnel; (v) the revocation of the Company's registered core patents; (vi) any arbitration or litigation initiated by a third party with the core patents and patent application rights of the Company as the subject matter may result in the non-marketing of the drugs developed by the Company; (vii) any competent authority effective judgement or ruling that the core patents and patent application rights of the Group infringe the rights of third parties; and (viii) any issuance of a qualified audit report of the Company.

The redemption amount is calculated as the higher of (i) P+I; (ii) the net assets of the company audited by an accountant firm with experience in securities practice that is selected by the company and approved by the investors at the time of transfer held by the investors; and (iii) the investment principal plus the increase of the shareholders' equity of the company held by the investors in proportion to the shareholding period.

(b) Liquidation preferences

In the event of any liquidation, dissolution, winding up of the Company or deemed liquidation event, holders of the Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series equity share at 10% interest rate per annum, plus any dividends declared but unpaid thereon in the sequence as follows:

(1) Series D Shares

(2) Series C Shares

(3) Series B Shares and Series B2 Shares

(4) Series Pre-A Shares

(5) Angel Round Shares

(c) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue additional paid-in capital for nil consideration to the investors or receive cash compensation, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Pursuant to a termination agreement entered into among the Shareholders and the Company relating to such special rights dated 17 January 2024, the redemption right ceased to be effective from the day before the date of the first submission of the first listing application form for the Listing and all other special rights ceased to be effective upon Listing provided that all such special rights shall be automatically reinstated as if the termination of such rights had never taken place in the event where (i) the Company withdraws its application for the public offering, (ii) the Stock Exchange, the SFC or any competent securities regulatory authority has decided not to approve or to reject the listing application of the Company or otherwise terminate the listing application review procedure, or (iii) the Company fails to complete the public offering within 14 months from the date of submission of the application to the Stock Exchange.

Presentation and classification

The Group and the Company have recognised the Shares as redemption liabilities on equity shares. The change in fair value of the Shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the Shares attributable to changes of own credit risk is not significant.

The movements in our redemption liabilities on equity shares are set out as follows:

The Group

	Angel Round Shares	Series Pre-A Shares	Series B Shares	Series B2 Shares	Series C Shares	Series D Shares	Total Shares
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	27,173	38,145	252,537	170,567	–	–	488,422
Change in fair value	2,000	3,000	23,000	16,180	24,932	–	69,112
Issuance for cash	–	–	–	–	325,000	–	325,000
At 31 December 2022	29,173	41,145	275,537	186,747	349,932	–	882,534
Change in fair value	2,000	3,000	23,000	16,180	32,500	1,110	77,790
Issuance for cash	–	–	–	–	–	185,000	185,000
At 31 December 2023	31,173	44,145	298,537	202,927	382,432	186,110	1,145,324
Change in fair value	498	748	5,734	4,035	8,102	4,612	23,729
At 31 March 2024	31,671	44,893	304,271	206,962	390,534	190,722	1,169,053

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 March 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans — unsecured	3.60-3.90	September 2024 - March 2025	80,488

	As at 31 March 2024
	RMB'000
Analysed into:	
Bank loans:	
Within one year	80,488

(a) All bank loans are denominated in RMB.

(b) The Group's bank loans are unsecured, bear interest at 3.60%-3.90% per annum and are repayable within one year.

24. DEFERRED INCOME

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to interest-free financing *(note 25)*	24,828	45,299	47,851
Government grants related to income*	–	2,982	5,298
	24,828	48,281	53,149

* The movements in deferred income during the year ended 31 December 2023 and three months ended 31 March 2024 are as follows:

	As at 31 December	As at 31 March
	2023	2024
	RMB'000	*RMB'000*
At beginning of the year/period	–	2,982
Grants received during the year/period	6,300	3,840
Amounts released to profit or loss during the year/period	(3,318)	(1,524)
At end of the year/period	2,982	5,298

The grants were government subsidies received from local government authorities to support the Group's research and development activities and will be recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

25. OTHER LONG-TERM PAYABLES

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government funding	39,584	84,408	93,933

In March 2021, the Company entered into an investment agreement (the "Changxing Investment Agreement") with Administrative Committee of Changxing Economic and Technological Development Zone (長興經濟技術開發區管理委員會). Pursuant to the Changxing Investment Agreement, Changxing Xingkang Equity Investment Partnership (Limited Partnership) (長興興康股權投資合夥企業(有限合夥)) ("CX Xingkang") subscribed for 6,000,000 equity shares in Changxing Kangyuan with interest-free repayable financing, which would not exceed RMB220,000,000 in aggregate. In July 2021, June 2022, January 2023 and February 2024, Changxing Kangyuan received financing of RMB26,860,000, RMB40,000,000, RMB65,000,000 and RMB12,000,000 respectively, from CX Xingkang. The financing is repayable within seven and a half years from the date of the land transfer. The equity shares held by CX Xingkang would be cancelled upon repayment of the financing.

The financing received by Changxing Kangyuan is recorded as a financial liabilities measured at the present value of the repayment amount. As the financing received in July 2021, June 2022, January 2023 and February 2024 was interest-free, the differences between the initial carrying values of the financing and the proceeds received of RMB17,261,000, RMB26,546,000, RMB26,546,000 and RMB4,261,000 were recognised as government grant in the year ended 31 December 2022 and 2023 and the three months ended 31 March 2023 and 2024, respectively.

26. SHARE CAPITAL

The Company was incorporated on 2 November 2017 as a limited company under the laws of the PRC with authorised share capital of RMB322,955,818.

Shares

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
322,955,818 (2023: 307,355,818, 2022: 287,988,938) shares	287,989	307,356	322,956

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
	'000	*RMB'000*
As at 1 January 2022	247,302	247,302
Series C Shares	40,687	40,687
As at 31 December 2022 and 1 January 2023	287,989	287,989
Series D Shares	19,367	19,367
As at 31 December 2023 and 1 January 2024	307,356	307,356
Series Pre-A Shares	8,400	8,400
Series B Shares	7,200	7,200
As at 31 March 2024	322,956	322,956

In January 2024, consideration for 8,400,000 Series Pre-A Shares, RMB20,000,000, and consideration for 7,200,000 Series B Shares, RMB30,000,000, were settled by Changxing Liyuan Enterprise Management Partnership (Limited Partnership) (長興利源企業管理合夥企業(有限合夥)), Changxing Caiyuan and Changxing Gangyuan. As at 26 January 2024, the registered share capital of the Company was RMB322,955,818 and was fully paid.

27. RESERVES

The Group

The amounts of the Group's share premium and other reserves and the movements therein for the Relevant Periods and three months ended 31 March 2023 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the Historical Financial Information.

(c) Other reserves

Other reserves of the Group represent the carrying amount of the equity shares with redemption features as stipulated in note 22 to the Historical Financial Information.

The Company

	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	318,398	–	(441,800)	(288,354)	(411,756)
Issue of Series C Shares	284,313	–	–	–	284,313
Recognition of redemption liabilities on Series C Shares *(note 22)*	–	–	(325,000)	–	(325,000)
Total comprehensive loss for the year	–	–	–	(273,403)	(273,403)
At 31 December 2022 and 1 January 2023	602,711	–	(766,800)	(561,757)	(725,846)
Issue of Series D Shares	165,633	–	–	–	165,633
Recognition of redemption liabilities on Series D Shares *(note 22)*	–	–	(185,000)	–	(185,000)
Share-based payment compensation *(note 28)*	–	3,887	–	–	3,887
Total comprehensive loss for the year	–	–	–	(329,128)	(329,128)
At 31 December 2023	768,344	3,887	(951,800)	(890,885)	(1,070,454)

	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	602,711	–	(766,800)	(561,757)	(725,846)
Total comprehensive loss for the period	–	–	–	(72,549)	(72,549)
At 31 March 2023 *(unaudited)*	602,711	–	(766,800)	(634,306)	(798,395)
At 1 January 2024	768,344	3,887	(951,800)	(890,885)	(1,070,454)
Issue of authorised Series Pre-A Shares *(note 26)*	11,600	–	–	–	11,600
Issue of authorised Series B Shares *(note 26)*	22,800	–	–	–	22,800
Share-based payment compensation *(note 28)*	–	3,138	–	–	3,138
Total comprehensive loss for the period	–	–	–	(97,898)	(97,898)
At 31 March 2024	802,744	7,025	(951,800)	(988,783)	(1,130,814)

28. SHARE-BASED PAYMENTS

The Group adopted a restricted share scheme ("Employee Incentive Scheme") which became effective in 2023, for the purpose of attracting and retaining directors, senior management and employees who promote the success of the Group's operations. Changxing Caiyuan Enterprise Management Partnership (Limited partnership) (長興彩源企業管理合夥企業(有限合夥)) ("Changxing Caiyuan") and Changxing Gangyuan Enterprise Management Partnership (Limited partnership) (長興罡源企業管理合夥企業(有限合夥)) ("Changxing Gangyuan") are used as restricted share platforms to facilitate the administration of the Employee Incentive Scheme. 8,580,000 shares of the Company, of which 3,780,000 were held by Changxing Caiyuan and 4,800,000 were held by Changxing Gangyuan, were authorized and approved under the Employee Incentive scheme. Pursuant to the Employee Incentive Scheme, the subscription price is RMB2.38 per share and RMB4.17 per share for restricted shares held by Changxing Caiyuan and Changxing Gangyuan respectively.

The restricted shares granted to grantees shall vest and become tradable upon the completion of public offering.

Details of the granted shares are as follows:

Date of grant	Number of shares	Subscription price per share	Fair value at grant date per share
October 19, 2023	3,780,000	RMB2.38	RMB5.29
October 19, 2023	4,800,000	RMB4.17	RMB5.29

The following restricted shares were outstanding under the Employee Incentive Scheme during the Relevant Periods:

	Number of restricted shares
As at 1 January 2023	–
Granted during the year	8,580,000
As at 31 December 2023	8,580,000
Granted during the period	–
As at 31 March 2024	8,580,000

During the years ended 31 December 2022 and 2023 and the three months ended 31 March 2024, share-based payment compensation expenses of nil and RMB3,887,000 and RMB3,138,000 were charged to profit or loss.

The fair value of the restricted shares as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using backsolve method. Major inputs used for the determination of the fair value of ordinary shares are listed as follows:

	At grant date
Expected volatility	66.15%-69.52%
Risk-free interest rate	2.16%
Discount for lack of marketability	5.00%-24.00%

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022 and 2023 and the three months ended 31 March 2024, the Group had non-cash additions to right-of-use assets of RMB43,128,000 and nil and nil, and non-cash additions to lease liabilities of RMB43,128,000 and nil and nil, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Other long-term payables	Accrued listing expenses included in trade and other payables	Accrued transaction cost on issue of redemption liabilities on equity shares in trade and other payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	14,380	14,683	–	–
Additions	43,128	–	–	–
Changes from financing cash flows	(1,611)	40,000	–	–
Recognition of government grants related to interest-free financing	–	(17,261)	–	–
Covid-19-related rent concessions	(1,041)	–	–	–
Accretion of interest	1,094	2,162	–	–
At 31 December 2022 and 1 January 2023	55,950	39,584	–	–
Changes from financing cash flows	(16,476)	65,000	(9,527)	–
Additions	–	–	13,395	–
Transaction cost on issue of redemption liabilities on equity shares	–	–	–	13,508
Recognition of government grants related to interest-free financing	–	(26,546)	–	–
Lease termination	(103)	–	–	–
Accretion of interest	2,358	6,370	–	–
At 31 December 2023	41,729	84,408	3,868	13,508

	Lease liabilities	Other long-term payables	Accrued listing expenses included in trade and other payables	Accrued transaction cost on issue of redemption liabilities on equity shares in trade and other payables	Interest-bearing bank and other borrowings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	55,950	39,584	–	–	–
Changes from financing cash flows	(7,459)	65,000	–	–	–
Recognition of government grants related to interest-free financing	–	(26,546)	–	–	–
Accretion of interest	694	1,443	–	–	–
At 31 March 2023 *(unaudited)*	49,185	79,481	–	–	–
At 1 January 2024	41,729	84,408	3,868	13,508	–
Changes from financing cash flows	(1,039)	12,000	(11,190)	(13,508)	80,327
Additions	–	–	11,800	–	–
Recognition of government grants related to interest-free financing	–	(4,261)	–	–	–
Lease termination	(201)	–	–	–	–
Accretion of interest	414	1,786	–	–	161
At 31 March 2024	40,903	93,933	4,478	–	80,488

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating activities	(1,020)	(923)	(225)	(238)
Within financing activities	(1,611)	(16,476)	(7,459)	(1,039)
Total	(2,631)	(17,399)	(7,684)	(1,277)

30. COMMITMENTS

The Group had the following contractual commitments at the end of the Relevant Periods:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	12,393	15,540	8,425

31. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the opinion that the following companies are related parties that had transactions or balances with the Group during the Relevant Periods.

Name of related parties	Relationship with the Group
LeadMed (Zhejiang) Co., Ltd. ("Zhejiang LeadMed")	Controlled by Dr. Wu Yusheng
Tetranov Pharmaceutical (Zhengzhou) Co., Ltd. ("Tetranov")	Controlled by Dr. Wu Yusheng
LeadMed (Zhengzhou) Co., Ltd. ("Zhengzhou LeadMed")	Controlled by Dr. Wu Yusheng
Shanghai Aobo Pharmtech, Inc., Ltd. ("Shanghai Aobo")	Gu Eric Hong, the director of both Shanghai Aobo and the Group
Sichuan Huiyu Pharmaceutical Co., Ltd. ("Sichuan Huiyu")	Shareholder

(b) The Group had the following transactions with related parties during the Relevant Periods and three months ended 31 March 2023:

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase of goods				
Sichuan Huiyu	–	–	–	1,062
Provision of services				
Sichuan Huiyu	–	–	–	1,981
Zhejiang LeadMed	2,057	–	–	–
Zhengzhou LeadMed	1,179	–	–	–
Shanghai Aobo	1,142	–	–	–
Rental fee				
Tetranov	1,186	1,186	323	323
	5,564	1,186	323	3,366

The purchases of goods and provision of services from the related parties were made according to the published prices and conditions agreed by the Group and the related parties.

(c) Outstanding balances with related parties:

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amount advanced to a related party:			
Prepayments-current (trade in nature):			
Sichuan Huiyu	–	–	177

Amount advanced to a related party is unsecured, non-interest-bearing and repayable on demand. The carrying amounts of amounts due to related parties as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

The outstanding balance is prepayments for the purchase of goods and provision of services.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		Three months ended 31 March	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	2,153	2,360	585	346
Share-based payment compensation	–	510	–	412
Pension scheme contributions	7	4	2	–
Housing funds, medical insurance and other social insurance	4	3	1	–
	2,164	2,877	588	758

Further details of directors', supervisors' and the chief executive's emoluments are included in note 10 to the Historical Financial Information.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

The Group

Financial assets

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTPL			
Wealth management products	152,727	6,001	75,287
Financial assets at amortised cost			
Restricted bank deposit	5,840	5,174	4,686
Financial assets included in prepayments and other receivables	3,229	3,375	3,953
Time deposits	–	–	60,000
Cash and cash equivalents	90,762	186,830	77,208
Total	99,831	195,379	145,847

Financial liabilities

	As at 31 December		As at 31 March
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL			
Redemption liabilities on equity shares	882,534	1,145,324	1,169,053
Financial liabilities at amortised cost			
Trade and other payables	49,811	122,717	96,437
Interest-bearing bank and other borrowings	–	–	80,488
Other long-term payables	39,584	84,408	93,933
Total	89,395	207,125	270,858

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposit (in the current portion), financial assets included in prepayments and other receivables (in the current portion), financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group invests in financial assets at fair value through profit or loss, which represent wealth management products issued by banks. The fair values are based on cash flows discounted using the expected yield rate.

Below is a summary of significant unobservable inputs to the valuation of redemption liability on equity shares together with an analysis as at 31 December 2022 and 2023 and 31 March 2024.

Financial liabilities	Fair value hierarchy	Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
redemption liability on equity shares	Level 3	Discounted cash flow method	(i) P+I (annual simple rate of 10%); (ii) The net assets of the Company held by the investors; (iii) The investment principal plus the increase of the shareholders' equity of the Company held by the investors in proportion to the shareholding period.	The higher the input, the higher the fair value

The Group are principally engaged in the research, development and commercialization of pharmaceutical products and in operating loss and net liabilities position throughout the Relevant Periods, making redemption amount calculated based on (ii) or (iii) lower than that from (i). Accordingly, the fair value of redemption liabilities on equity shares was calculated based on (i) as of 31 December 2022 and 2023 and 31 March 2024, the interest rate of which is fixed in the agreement. Therefore, the quantitative sensitivity analysis on changes in (ii) and (iii) would be immaterial and insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Wealth management products	–	152,727	–	152,727
As at 31 December 2023				
Wealth management products	–	6,001	–	6,001
As at 31 March 2024				
Wealth management products	–	75,287	–	75,287

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Redemption liabilities on equity shares	–	–	882,534	882,534
As at 31 December 2023				
Redemption liabilities on equity shares	–	–	1,145,324	1,145,324
As at 31 March 2024				
Redemption liabilities on equity shares	–	–	1,169,053	1,169,053

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

Management has assessed that during the Relevant Periods, prepayments and other receivables have not had a significant increase in credit risk since initial recognition. Thus, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2022

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments and other receivables	3,229	–	–	3,229
Restricted bank deposit	5,840	–	–	5,840
Cash and cash equivalents	90,762	–	–	90,762
Total	99,831	–	–	99,831

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments and other receivables	3,375	–	–	3,375
Restricted bank deposit	5,174	–	–	5,174
Cash and cash equivalents	186,830	–	–	186,830
Total	195,379	–	–	195,379

As at 31 March 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments and other receivables	3,953	–	–	3,953
Restricted bank deposit	4,686	–	–	4,686
Time deposits	60,000	–	–	60,000
Cash and cash equivalents	77,208	–	–	77,208
Total	145,847	–	–	145,847

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2022			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	49,811	–	–	49,811
Redemption liabilities on equity shares	882,534	–	–	882,534
Other long-term payables	–	–	66,860	66,860
Lease liabilities	25,887	34,992	–	60,879
Total	958,232	34,992	66,860	1,060,084

	As at 31 December 2023			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	122,717	–	–	122,717
Redemption liabilities on equity shares	1,145,324	–	–	1,145,324
Other long-term payables	–	–	131,860	131,860
Lease liabilities	23,742	20,553	–	44,295
Total	1,291,783	20,553	131,860	1,444,196

	As at 31 March 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	96,437	–	–	96,437
Redemption liabilities on equity shares	1,169,053	–	–	1,169,053
Other long-term payables	–	–	143,860	143,860

	As at 31 March 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	83,336	–	–	83,336
Lease liabilities	23,968	19,079	–	43,047
Total	1,372,794	19,079	143,860	1,535,733

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

35. EVENT AFTER THE RELEVANT PERIOD

In December 2023, the Group has entered into an equity transfer agreement dated 18 December 2023 and supplemental agreements dated 13 March 2024 and 5 June 2024 to transfer the entire equity interest of Shanghai Yabao to an independent third party and the transaction is in the process of obtaining regulatory approval by relevant authorities as of the date of this report.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2024 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the Company had the Global Offering been completed as at 31 March 2024 or at any future date.

	Consolidated net tangible liabilities of attributable to owners of the Company as at 31 March 2024	**Estimated net proceeds from the Global Offering**	**Estimated impact to the consolidated net tangible liabilities upon conversion of Redeemable Shares**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 March 2024**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 March 2024**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	*(note 7)*
Based on offer price HK$12.10 per offer share	(1,005,520)	478,167	1,169,053	641,700	1.73	1.89

Notes:

1 The consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2024 was equal to the audited net liabilities attributable to owners of the Company as at 31 March 2024 of RMB938,863,000 after deducting of intangible assets of RMB66,657,000 as at 31 March 2024 set out in the Accountants' Report in Appendix I to this Prospectus.

2 The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$12.10 per Offer Share after deduction of the underwriting fees and other related listing expenses paid and payable in connection with Global Offering (excluding the listing expenses that have been charged to profit or loss during the Track Record Period).

3 The redemption right would have ceased upon completion of Global Offering. The redemption liabilities on equity shares amounting to RMB1,169,053,000 would have been derecognised and accordingly increased the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2024 by RMB1,169,053,000.

4 The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred in note 2 above and on the basis of 370,835,818 Shares are in issue, assuming that the Global Offering has been completed on 31 March 2024.

5 The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.9134 to HK$1.00.

6 The property interests valued in the property valuation report as set out in Appendix III to this prospectus represented the properties of the Group. The above unaudited pro forma statement of adjusted net tangible assets does not take into account the surplus arising from the revaluation of the Group's property interests. Revaluation surplus has not been recorded in the Historical Financial Information of the Group and will not be recorded in the consolidated financial statements of the Group in the future periods as the Group's property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation and impairment losses, if any. If the valuation surplus were recorded in the Group's financial statements, additional annual depreciation of approximately RMB431,000 would be charged against the profit or loss in the future periods.

7 No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

Ernst & Young
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To the Directors of TYK Medicine, Inc

We have completed our assurance engagement to report on the compilation of pro forma financial information of TYK Medicine, Inc (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 March 2024, and related notes as set out on pages II-1 to II-2 of the prospectus dated 12 August 2024 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering of shares of the Company on the Group's financial position as at 31 March 2024 as if the transaction had taken place at 31 March 2024. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2024, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Certified Public Accountants
Hong Kong
12 August 2024

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2024 of the property interests held by the Group.

AVISTA Valuation Advisory
艾華迪評估諮詢

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

TEL：+852 3702 7338 FAX：+852 3914 6388
info@avaval.com
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12 August 2024

The Board of Directors
TYK Medicines, Inc (浙江同源康醫藥股份有限公司)
Room 1403-2, Floor 14, Tower A
Changxing World Trade Building
No. 1278 Mingzhu Road
Changxing Economic Development Zone
Huzhou City, Zhejiang Province, the PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of TYK Medicines, Inc (浙江同源康醫藥股份有限公司) (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") for us to carry out the valuation of the property interests (the "Properties") located in the People's Republic of China (the "PRC") held by the Group, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 May 2024 (the "Valuation Date").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the Properties, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors ("RICS") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the Properties in the PRC, we have relied on the advice given by the Group and its legal advisor, being JunHe LLP (君合律師事務所) (the "PRC Legal Advisor"), regarding the title to the Properties.

In valuing the Properties, we have relied on a legal opinion regarding the Properties provided by the PRC Legal Adviser dated 12 August 2024 (the "PRC Legal Opinion"). Unless otherwise stated, the Group has legally obtained the land use rights of the Properties.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

In valuing the property interests in Group I, where the corresponding property was under construction as at the Valuation Date, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of values, we have adopted the comparison approach by making references to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the Valuation Date and the remainder of the cost and fees expected to be incurred for completing the developments. We have relied on the accrued construction cost and professional fees information provided by the Group for the different stages of construction of the subject property as at the Valuation Date, and we did not find any material inconsistency from those of other similar developments.

The property interests in Group II have been valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the subject property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the subject property. This approach is commonly used to value properties where reliable market evidence is available.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Properties in the PRC. Where possible, we have examined the original documents to verify the existing title to the Properties in the PRC and any material encumbrance that might be attached to the Properties or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion given by the PRC Legal Adviser, concerning the validity of the title of the Properties in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject properties. The site inspection was carried out on 28 December 2023 by Josh Chow (Analyst). He has more than 2 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or the PRC Legal Adviser or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

SUMMARY OF VALUES

Group I – Property interests held for development by the Company in the PRC

No.	Property	Market value in existing state as at 31 May 2024	Interest Attributable to the Company	Market value Attributable to the Company as at 31 May 2024
		RMB		*RMB*
1.	The intersection of Changxing Avenue and Baixi Avenue, Changxing County, Huzhou City, Zhejiang Province, the PRC (中國浙江省湖州市長興縣長興大道與白溪大道交匯處)	182,040,000	70%	127,428,000
	Sub-total:	182,040,000		127,428,000

Group II – Property interests held for sale by the Company in the PRC

No.	Property	Market value in existing state as at 31 May 2024	Interest Attributable to the Company	Market value Attributable to the Company as at 31 May 2024
		RMB		*RMB*
2.	No. V-53 Songjiang Industrial Zone, Songjiang District, Shanghai City, the PRC (中國上海市松江區工業區V-53號)	27,530,000	100%	27,530,000
	Sub-total:	27,530,000		27,530,000
	Grand-total:	209,570,000		154,958,000

VALUATION CERTIFICATE

Group I – Property interests held for development by the Company in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
				RMB
1.	The intersection of Changxing Avenue and Baixi Avenue, Changxing County, Huzhou City, Zhejiang Province, the PRC (中國浙江省湖州市長興縣長興大道與白溪大道交匯處)	The property comprises a parcel of land with a site area of approximately 46,139.00 sq.m. which is being developed into an industrial development with a total planned gross floor area of approximately 60,143.00 sq.m. As advised by the Group, the total construction cost of the property was estimated to be approximately RMB172,644,660 of which RMB136,775,853 had been paid as at the Valuation Date. As at the Valuation Date, portions of the property were under development and were scheduled to be completed in July 2024 (the "Phase 1 Development"). Upon completion, the Phase 1 Development will have a total planned gross floor area of approximately 39,039.00 sq.m. The remaining portions of the property were a parcel of vacant land held for future development (the "Development Land"). Upon completion, the Development Land will have a total planned gross floor area of approximately 21,104.00 sq.m. As at the Valuation Date, no construction works have been commenced on the Development Land. The property is located in Changxing County, Huzhou City, with approximately 7.1 km to Changxing Railway Station and 39.6 km to Wuxi Dingshu Airport. The land use rights of the property have been granted for a term expiring on 9 September 2071 for industrial use.	As at the Valuation Date, the Phase 1 Development was under construction, and the Development Land was vacant land held for future development.	182,040,000 (70% interest attributable to the Company: 127,428,000)

Notes:

1. Pursuant to a Land Use Rights Grant Contract — No. 3305222021A21113 dated 30 June 2021 between Changxing County Bureau of Natural Resources and Planning (長興縣自然資源和規劃局) and Kangyuan Pharmaceuticals (Changxing) Co., Ltd. (長興康源製藥有限公司, "Changxing Kangyuan"), in which the Company holds a direct ownership stake of 70%, the land use rights of a parcel of land with a site area of approximately 46,139.00 sq.m. have been granted to Changxing Kangyuan for a term of 50 years for industrial use at a total land premium of approximately RMB25,890,000.

As revealed from the aforesaid contract, the property is subject to the following material development conditions:

Permitted Use	:	Industrial
Plot Ratio	:	≥1.2
Minimum Permitted Accountable Gross Floor Area	:	55,366.80 sq.m.
Site Coverage	:	≥35%
Greening Rate	:	≦50%
Building Covenant	:	To commence construction before 30 March 2022 and to complete construction before 29 September 2023

2. Pursuant to a Real Estate Ownership Certificate (for land) — Zhe (2021) Chang Xing Xian Bu Dong Chan Quan Di No. 0034452 issued by the Changxing County Bureau of Natural Resources and Planning, the land use rights of the property with a total site area of approximately 46,139.00 sq.m. have been granted to Changxing Kangyuan, for a term expiring on 9 September 2071 for industrial use.

3. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 330522202204002, permission for the planning of a land parcel with a total site area of approximately 46,139.00 sq.m. has been granted to Changxing Kangyuan.

4. Pursuant to a Construction Works Planning Permit — Jian Zi Di No. 330522202204008 in favour of Changxing Kangyuan, the construction work of the Phase 1 Development with a total gross floor area of approximately 39,039.00 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit — No. 330522202204110201, in favour of Changxing Kangyuan, permission has been given by the relevant local authority to commence the construction work of the Phase 1 Development with a total gross floor area of approximately 39,039.00 sq.m.

6. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:

   a. Changxing Kangyuan has fully settled all land premium and legally and validly obtained the land use rights of the property under the terms of the Real Estate Ownership Certificate;

   b. The land use rights of the property has not been pledged, mortgaged or seized;

   c. According to a confirmation letter issued by Changxing County Bureau of Natural Resources and Planning, the building covenant regarding the commencement and completion dates of construction has been extended by one year. Changxing Kangyuan has been approved to complete construction before 29 September 2024; and

   d. According to a certificate issued by Changxing County Housing and Urban-rural Development Bureau (長興縣住房和城鄉建設局), no violations of relevant laws and regulations regarding construction management were discovered for Changxing Kangyuan, and therefore no administrative penalties were imposed on Changxing Kangyuan.

7. Our valuation has been made on the following basis and analysis:

   In our valuation of the land use rights, we have considered and analyzed 4 land sale comparables in the vicinity. The site values of the land sales range from RMB516 to RMB627 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

   Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The replacement costs range from RMB3,600 per sq.m. to RMB3,900 per sq.m. for multi-storey industrial buildings, RMB2,200 per sq.m. to RMB3,800 per sq.m. for single-storey industrial buildings and RMB4,900 per sq.m. to RMB5,900 per sq.m. for basements. The replacement cost adopted in the valuation is consistent with the findings of our research.

VALUATION CERTIFICATE

Group II – Property interests held for sale by the Company in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
				RMB
2.	No. V-53 Songjiang Industrial Zone, Songjiang District, Shanghai City, the PRC (中國上海市松江區工業區V-53號)	The property comprises a parcel of land with a site area of approximately 31,982.30 sq.m. The property can be utilized for the construction of an industrial development with a maximum accountable gross floor area of approximately 63,959.30 sq.m. As of the Valuation Date, no construction works have been commenced on the property. The property is located in Songjiang District, Shanghai City, with approximately 9 km to Songjiang Nan Railway Station and 39.1 km to Shanghai Hongqiao International Airport. The land use rights of the property have been granted for a term expiring on 29 December 2042 for industrial use.	The property was vacant as at the Valuation Date.	27,530,000 (100% Interest attributable to the Company: 27,530,000)

Notes:

1. Pursuant to 3 Land Use Rights Grant Contracts — Hu Song Guo You Jian She Yong Di Shi Yong He Tong (2022) No. 74 dated 10 November 2022, Hu Song Guo You Jian She Yong Di Shi Yong He Tong Bu (2024) No. 21 dated 12 March 2024, and Hu Song Guo You Jian She Yong Di Shi Yong He Tong Bu (2024) No. 59 dated 12 June 2024 between Shanghai Songjiang District Bureau of Planning and Natural Resources (上海市松江區規劃和自然資源局) and Yabao Biotechnology (Shanghai) Co., Ltd. (上海雅葆生物科技有限公司, "Shanghai Yabao"), in which the Company holds a direct ownership stake of 100%, the land use rights of a parcel of land with a site area of approximately 31,982.30 sq.m. have been granted to Shanghai Yabao for a term of 20 years for industrial use at a total land premium of approximately RMB29,200,000.

   As revealed from the aforesaid contract, the property is subject to the following material development conditions:

Permitted Use	:	Industrial
Plot Ratio	:	2.0
Maximum Permitted Accountable Gross Floor Area	:	63,959.30 sq.m.
Site Coverage	:	37.91%
Height Restriction	:	≦30m
Greening Rate	:	20%
Building Covenant	:	To commence construction before 2 July 2024 and to complete construction before 2 July 2027

2. Pursuant to a Real Estate Ownership Certificate (for land) — Hu (2023) Song Zi Bu Dong Chan Quan Di No. 002542 issued by the Shanghai Municipal Bureau of Natural Resources Registration (上海市自然資源確權登記局), the land use rights of the property with a total site area of approximately 31,982.30 sq.m. have been granted to Shanghai Yabao, for a term expiring on 29 December 2042 for industrial use.

3. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:

   a. Shanghai Yabao has fully settled all land premium and legally and validly obtained the land use rights of the property under the terms of the Real Estate Ownership Certificate; and

   b. The land use rights of the property has not been pledged, mortgaged or seized.

4. Our valuation has been made on the following basis and analysis:

   In our valuation of the land use rights, we have considered and analyzed 3 land sale comparables in the vicinity. The site value of the land sale ranges from RMB900 to RMB907 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

TAXATION ON DIVIDENDS

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "IIT Law"), which was last amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019, for income including interest, dividend and bonus, individuals shall pay individual income tax with applicable proportional tax rate of 20%. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus received from enterprises, public institutions, economic organizations and resident individuals in the PRC are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得税若干政策問題的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994 and came into effect on the same date, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "EIT Law"), which was amended on December 29, 2018 and became effective on the same date, and the Implementation Provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), which was amended on April 23, 2019 and became effective on the same date, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonus received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold and remit enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) (Guo Shui Han [2009] No. 394), which was issued by the SAT and came into

effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書 》), which came in to effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where one of the essential purposes of the relevant arrangement or transaction which directly or indirectly brings about the treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be to obtain such benefits, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of the aforesaid tax agreements is subject to the requirements of PRC tax law documents, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties or adjustments for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

VAT and Local Additional Tax

Pursuant to the Notice of Ministry of Finance and State Administration of Taxation on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) ("Circular 36"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) became effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares.

Individual Investor

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the State Administration of Taxation (the "SAT") and came into effect on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui Zi [2009] No. 167), which became effective on December 31, 2009, states that individuals' income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《財政部、國家税務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued by the above three departments on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

According to the Law of the People's Republic of China on Stamp Duty (《中華人民共和國印花税法》) promulgated on June 10, 2021 and became effective on July 1, 2022, PRC stamp duty only applies to specific proof executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the Latest Practicable Date, the PRC currently does not impose any estate duty.

MAJOR TAXES ON THE COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》), which was amended on December 29, 2018 and became effective on the same date and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), which was amended on April 23, 2019 and became effective on the same date, the applicable enterprise income tax rate of both domestic and foreign investment enterprises shall be 25%. Enterprises are classified into resident and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its incomes derived from both inside and outside China, and the enterprise income tax rate shall be 25%. For a non-resident enterprise having establishments or premises in the PRC, it shall pay enterprise income tax on its incomes derived from the establishments or premises inside the PRC as well as on incomes that it earns outside the PRC but which has real connection with the said establishments or premises, and the enterprise income tax rate shall be 25%. For a non-resident enterprise having no establishments or premises inside the PRC, or for a non-resident enterprise whose incomes have no actual connection to its establishments or premises inside the PRC, it shall pay enterprise income tax on the incomes derived from the PRC, and the enterprise income tax rate shall be 10%.

Value-Added Tax

According to the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation for the Provisional Regulations the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011 (collectively, the "VAT Law"), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods inside of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

According to the Notice on the Adjustment to VAT Rates (《財政部、國家税務總局關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on April 4, 2018 and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》(2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. The gains of certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties of the transfer is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations"). The Foreign Exchange Control Regulations classifies all international payments and transfers into current accounts and capital accounts. Most of the current accounts are not subject to the approval of foreign exchange administration agencies, while capital accounts are subject to the approval of foreign exchange administration agencies. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and August 5, 2008. According to the latest amendment to the Foreign Exchange Control Regulations, PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by PBOC on June 20, 1996 and became effective on July 1, 1996 removes other restrictions on convertibility of foreign exchange under current accounts, while imposing existing restrictions on foreign exchange transactions under capital accounts.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders'

meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business.

On October 23, 2014, the State Council issued the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which canceled the administrative approval by the SAFE and its branches for matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing foreign shares.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special foreign exchange account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015, imposed on June 1, 2015 and partially repealed on December 30, 2019, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment (collectively, the "direct investment"), and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice from the State Administration of Foreign Exchange on Reforming and Regulating the Policies of Administration of Foreign Exchange Settlement for Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of foreign exchange capital, foreign loans and raised capital by overseas listing) may undertake foreign exchange settlement in the banks

according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

THE PRC LEGAL SYSTEM

The PRC legal system is based on Constitution of the People's Republic of China (《中華人民共和國憲法》, the "**Constitution**"), which was adopted on September 20, 1954 and subsequently amended on January 17, 1975, March 5, 1978, December 4, 1982, April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory and other regulatory document. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People's Congress (the "**NPC**") and its Standing Committee are empowered to exercise the legislative power of the State in accordance with the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》, the "**Legislation Law**"), which was adopted on March 15, 2000 and amended on March 15, 2015 and March 13, 2023. The NPC has the power to formulate and amend basic laws governing state authorities, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local

regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a handling decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The autonomous regulations and separate regulations of an autonomous region shall come into force after being reported to and approved by the Standing Committee of the NPC. The autonomous regulations and separate regulations of an autonomous prefecture or an autonomous county shall come into force after being reported to and approved by the standing committee of the people's congress of the province, autonomous region, or municipality directly under the Central Government.

The ministries and commissions of the State Council, the People's Bank of China, National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, the Supreme People's Court has the power to give interpretation on issues related to the application of laws and decrees in a court trial, and issues related to the application of laws and decrees in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations & Supreme People's Procuratorate's interpretations, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws and decrees other than the abovementioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》), which is adopted on September 21, 1954 and subsequently amended on July 5, 1979, September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up civil, criminal, and economic divisions, and certain people's tribunals based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the primary people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

Under the Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》), which is adopted on April 9, 1991 and subsequently amended on October 28, 2007, August 31, 2012, June 27, 2017, and September 1, 2023, which became effective from January 1, 2024 a people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the People's Republic of China prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

THE PRC SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offering of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) stipulates the public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》, the "**PRC Securities Law**") took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The PRC Securities Law, which was revised on December 28, 2019 and came into effect on March 1, 2020, is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities, and takeovers of listed companies.

Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARD

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017, respectively. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration commission after verification by collegial bench formed by the people's court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which went into effect on February 1, 2000. The arrangement reflects the spirit of the New York Convention. Under the arrangement, the awards by the Mainland arbitral bodies in accordance with the PRC Arbitration Law may be enforced in Hong Kong, and the awards by the Hong Kong arbitral bodies according to the Arbitration Ordinance of Hong Kong SAR may also be enforced in the Mainland China. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, or the court of Hong Kong SAR decides that the enforcement of the arbitral awards in Hong Kong SAR will be against public policies of Hong Kong SAR, the awards may not be enforced. The Supreme People's Court of China adopted the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (the "**Supplementary Arrangements**") on November 9, 2020. According to the Supplementary Arrangements, before or after the acceptance of an application for enforcement of an arbitration award, the relevant court may, upon application and in accordance with the law of the place where the arbitration award is enforced, adopt preservation or enforcement measures.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of Mainland China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Written jurisdiction agreement" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve any dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meets certain conditions of the aforementioned regulations. On 18 January 2019, a further arrangement was reached between Hong Kong Special Administrative Region and the Supreme People's Court, Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安

排》)) (the "**New Arrangement**"), which became effective and replace the Arrangement on 29 January 2024, privileged that "Written Agreement on Jurisdiction" reached under the Arrangement before 29 January 2024 will still apply. This New Arrangement further stipulates the scope and content of judgments applicable to the reciprocal recognition and enforcement and corresponding procedures and methods for applying, the circumstances concerning review, non-recognition and enforcement upon the jurisdiction of the court of first instance and the means of remedy. Non-monetary judgments and judgments on some intellectual property cases are included in the reciprocal recognition and enforcement of judgments in accordance with this New Arrangement.

THE PRC COMPANY LAW, THE TRIAL MEASURES AND THE GUIDELINES

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**PRC Company Law**") was adopted by the 5th meeting of the SCNPC on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023, which will become effective from July 1, 2024, respectively. The latest revised PRC Company Law was implemented on October 26, 2018.

The Trial Measures which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable to the overseas offering and listing of PRC domestic companies' securities.

The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) the "**Guidelines**") which were issued by the CSRC on December 16, 1997, latest revised on December 15, 2023 and came into effect on the same date, providing the guidelines for the Articles of Association. As such, the contents provided in the Guidelines are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix VI — Summary of Articles of Association" in this prospectus.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures and the Guidelines applicable to the Company.

GENERAL

A joint stock limited company refers to an enterprise legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties and with its registered capital divided into shares of equal par value. The liability of the company for its own debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

INCORPORATION

A joint stock limited company may be established by promotion or subscription. A joint stock limited company shall have a minimum of two but no more than 200 people as its promoters, and over half of the promoters must be resident within the PRC. Companies established by promotion are companies of which the registered capital is the total share capital subscribed for by all the promoters registered with the company's registration authorities. No share offering shall be made before the shares subscribed for by the promoters are fully paid up. For companies established by subscription, the registered capital is the total paid-up share capital as registered with the company's registration authorities. If laws, administrative regulations and State Council decisions provide otherwise on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. In the case of capital contributions to be made in non-cash assets, the formalities for transfer of property rights shall be completed in accordance with the provisions of the law. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreement. After the promoters have subscribed for the capital contribution under the articles of association, a board of directors and a supervisory board shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with relevant administration for industry and commerce, and other documents as required by the law or administrative regulations.

After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters of the company shall preside over and convene an inauguration meeting within 30 days from the date of the full payment of subscription monies. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued remain undersubscribed by the cut-off date stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after approval of registration has been given by the relevant administration for industry and commerce and a business license has been issued.

SHARE CAPITAL

The promoters of a company may make a capital contribution in currencies, or on-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out.

The issuance of shares shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights. For shares issued at the same time and within the same class, he conditions and price per share must be the same. The share offering price may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

A PRC domestic company must file with the CSRC to offer its shares to the overseas public. According to the Trial Measures, target investors of overseas offering and listing by domestic companies shall be overseas investors, unless prescribed in the Trial Measures or otherwise stipulated by the state.

INCREASE IN SHARE CAPITAL

Under the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at shareholder's general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders.

After the issue of new share the company has been paid up, the change must be registered with the company registration authorities and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company.

REDUCTION OF SHARE CAPITAL

When a company needs to reduce its registered capital, it shall prepare a statement of financial position and a property list. The company shall inform its creditors within 10 days, from the date of resolution on reduction in registered capital, and publish an announcement in the newspaper within 30 days after the resolution approving the reduction of registered capital has been passed. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

REPURCHASE OF SHARES

A company shall not purchase its own shares except under any of the following circumstances:

(1) Reducing the registered capital of the company;

(2) Merging with another company that holds its shares;

(3) Using shares for employee stock ownership plan or equity incentives;

(4) A shareholder requesting the company to purchase the shares held by him since he objects to a resolution of the shareholders' meeting on the combination or division of the company;

(5) Using shares for converting convertible corporate bonds issued by the listed company;

(6) It is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) of the preceding paragraph may, pursuant to the articles of association or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing its own shares pursuant to the provisions of the first paragraph of this article, a company shall, under the circumstance set forth in item (1), cancel them within 10 days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) shall carry out trading in a public and centralized manner.

TRANSFER OF SHARES

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

Under the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listed on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

SHAREHOLDERS

Under the PRC Company Law and the Guidelines, the rights of holders of ordinary shares of a joint stock limited company include the right:

(1) to receive dividends and profit distributions in any other form in proportion to their shareholdings;

(2) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;

(3) to supervise, present suggestions on or make inquiries about the operations of the Company;

(4) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the company are listed, and the articles of association;

(5) to acquire relevant information according to the provisions of the articles of association, including the duplicate of the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, audited financial statements of the company, reports of directors, accounting firms and the Supervisory Committee;

(6) in the event of the termination or liquidation of the company, to participate in the distribution of the remaining property of the company in proportion to the shares held by them;

(7) to require the company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the company; and

(8) any other shareholders' rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

The obligations of shareholders include the obligation to abide by the articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholder obligation specified in the articles of association.

SHAREHOLDERS' GENERAL MEETINGS

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(1) to decide on the company's operational objectives and investment plans;

(2) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(3) to review and approve the reports of the board of directors;

(4) to review and approve the reports of the supervisory board;

(5) to review and approve the company's annual financial budgets and final accounts;

(6) to review and approve the company's profit distribution proposals and loss recovery proposals;

(7) to decide on any increase or reduction of the company's registered capital;

(8) to decide on the issue and listing of corporate bonds and other securities;

(9) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(10) to amend the articles of association; and

(11) to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

(1) the number of directors is less than the number stipulated by the PRC Company Law or less than two-thirds of the number specified in the articles of association;

(2) the outstanding losses of the company amounted to one-third of the company's total paid-in share capital;

(3) shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;

(4) the board deems necessary;

(5) the supervisory board proposes to hold; or

(6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting. A single shareholder who holds, or several shareholders who jointly hold, three percent or more of the shares of the company may submit an interim proposal in writing to the board of directors ten days before the general meeting is held. The board of directors shall notify other shareholders within two days upon receipt of the proposal, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made. The general meeting shall not make any resolution in respect of any matter not set out in the above-mentioned two types of notices. Holders of bearer share certificates who wish to attend a general meeting shall deposit their share certificates with the company five days before the meeting and till the conclusion of the meeting.

Under the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Under the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company and the other matters must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters by shareholders' general meeting.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

BOARD

A company shall have a board, which shall consist of 5 to 19 members. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(1) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(2) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(3) to decide on the company's operational plans and investment proposals;

(4) to formulate proposal for the company's annual financial budgets and final accounts;

(5) to formulate the company's profit distribution proposals and loss recovery proposals;

(6) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(7) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(8) to decide on the setup of the company's internal management organs;

(9) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;

(10) to formulate the company's basic management system; and

(11) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company: (i) a person who is unable or has limited ability to undertake any civil liabilities; (ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist market economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence; (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; (v) a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

SUPERVISORY BOARD

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of the shareholders' general meetings;

(3) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' general meetings;

(6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors. The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

MANAGER AND SENIOR MANAGEMENT

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, may exercise his/her powers:

(1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(2) to arrange for the implementation of the company's annual operation plans and investment proposals;

(3) to formulate proposals for the establishment of the company's internal management organs;

(4) to formulate the fundamental management system of the company;

(5) to formulate the company's specific rules and regulations;

(6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(8) to exercise any other authority granted by the board of directors or the articles of association.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence.

Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors and senior management are prohibited from:

(1) misappropriating company funds;

(2) depositing company funds into accounts under their own names or the names of other individuals to deposit;

(3) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors;

(4) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting;

(5) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting;

(6) accepting commissions paid by a third-party for transactions conducted with the company;

(7) unauthorized divulgence of confidential information of the company; and

(8) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate no less than 1% of the company's shares consecutively for at least 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institute litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

FINANCE AND ACCOUNTING

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company earned from the issue of share and other income as required by CSRC to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

APPOINTMENT AND RETIREMENT OF AUDITORS

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

PROFIT DISTRIBUTION

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting.

DISSOLUTION AND LIQUIDATION

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(2) the shareholders' meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business license of the company is suspended or the company is ordered to close down or to be revoked in accordance with the laws;

(5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (1) or (2) above, the company may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting under the condition that the company has not distributed the assets to its shareholders. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4), or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' meeting or as stipulated in the articles of association. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(1) to sort out the company's assets and to prepare a statement of financial position and an inventory of assets, respectively;

(2) to notify creditors by notice or public notices;

(3) to deal with any outstanding business related to the liquidation;

(4) to pay outstanding tax together with any tax arising during the liquidation process;

(5) to settle claims and liabilities;

(6) to handle the company's remaining assets after its debts have been paid off;

(7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required statement of financial position and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a bankruptcy liquidation in accordance with the laws. After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or gross negligence.

Liquidation of a company declared bankrupt according to law shall be processed in accordance with the laws on corporate bankruptcy.

OVERSEAS LISTING

Pursuant to the Trial Measures, where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three PRC business days after such application is submitted.

MERGER AND DIVISION

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the

national enterprise credit information publicity system within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on July 19, 2024 which shall become effective as at the date on which the Company's H shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide an overview of the Articles of Association, it may not necessarily contain all information that is important for prospective investors.

DIRECTORS AND BOARD OF DIRECTORS

Power to allocate and issue Shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the general Shareholders' meeting ("**General Meeting**") in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

Power to dispose assets of our Company or any subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the General Meeting for approval.

Guarantees of Loans to Directors, Supervisors or other management personnel

The external guarantee matters of the Company shall be submitted to the Board of Directors or the General Meeting for deliberation.

The following acts of external guarantee of the Company shall be submitted to the General Meeting for deliberation and approval after being reviewed and approved by the Board of Directors:

(1) any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

(2) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of its total assets as audited in the latest period;

(3) any guarantee to be provided by the Company in a single year, the total amount of which has exceeded 30% of the Company's total assets as audited in the latest period;

(4) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(5) any single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(6) any guarantee to be provided to a shareholder, or to an ultimate controller or its related party;

(7) other guarantees that meet the requirements of the applicable laws, regulations, normative documents, securities regulatory rules for the place where the Company's shares are listed, the Articles of Association or the Company's other internal control documents shall be approved by the General Meeting.

Provide financial assistance for acquiring the shares of the Company or shares of any subsidiary

The Company or its subsidiaries (including its subsidiaries) will not provide any financial assistance to the person who purchases or intends to purchase the Company's shares in the form of gifts, advances, guarantees, compensation or loans, except for the implementation of the Company's employee stock option plans. For the interests of the Company, upon a resolution of the General Meeting, or a resolution of the Board of Directors in accordance with the authorization of the general meeting, the Company may provide financial assistance to other persons for the acquisition of shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the Board of Directors shall be approved by more than two-thirds of all directors. In the event of any violation against the provisions of the preceding stipulations which causes losses to the Company, the responsible directors, supervisors and senior management shall be liable for the compensation.

Remuneration

The appointment and removal of the members of the Board of Directors and the Supervisory Committee, as well as their remuneration and payment methods, shall be adopted by the General Meeting by ordinary resolution.

Appointment, resignation and dismissal

The Board of Directors is composed of eleven directors, including four independent non-executive directors. The independent non-executive directors shall make up at least 1/3 of the Board members in no matter what situation. The directors of the Company are elected by the General Meeting.

The Board of Directors has one chairman. The chairman of the Board of Directors shall be elected by more than half of all Directors. The Directors shall be elected or replaced by the General Meeting, and may be removed by the General Meeting through an ordinary resolution before the expiration of their term of office.

The chairman of the Board and other Directors serve three-year terms, and the director can be re-elected and reappointed at the end of the term. The general manager or other senior managers may concurrently serve as directors. However, the total number of directors concurrently serving as the general manager or other senior managers shall not exceed half of the total number of directors of the Company.

None of the following persons shall serve as our Director, Supervisor or senior management:

(1) a person who has no civil capacity or has limited civil capacity;

(2) a person who has been sentenced to a term of imprisonment for embezzlement, bribery, conversion of property, misappropriation of property, or sabotaging the socialist economic order; or has been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed, or who has been sentenced to probation and 2 years have not elapsed since the date of expiration of the probation period;

(3) a person who has served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the bankruptcy and liquidation of the company or enterprise are completed;

(4) a person who has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation or closure occurs;

(5) a person who has a relatively large sum of debt, which was not paid at maturity, resulting in such person being listed and enforced by the People's Court as a dishonest person;

(6) a person who has been banned from entering the securities market by the CSRC and whose term has not expired;

(7) other contents stipulated by laws, administrative regulations, departmental rules and Hong Kong Stock Exchange.

The election, appointment or employment of the Directors, Supervisors or other senior management shall be invalid if such election, appointment or employment is against the Articles of Association. If the Directors, Supervisors or senior management falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by our Company.

Borrowing powers

The Board of Directors shall be entitled to develop proposals for our Company to issue bonds and to list its shares, and that such bond issues must be approved by the General Meetings.

Duties

The directors shall abide by laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed and the Articles of Association, and shall have the following loyal duties to the Company:

(1) shall not abuse their authority by accepting bribes or other illegal income, and shall not encroach on the Company's property;

(2) shall not misappropriate company funds;

(3) shall not deposit Company's assets into accounts held in their own names or in the name of any other individual;

(4) shall not, in violation of the Articles of Association, loan Company's funds to any other person or give Company's assets as security for the debt of any other person without the approval of the General Meeting or the Board of Directors;

(5) shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the General Meeting;

(6) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company to engage in the same business as the Company either for their own account or for the account of any other person without the approval of the General Meeting;

(7) shall not accept commissions paid by others for transactions conducted with the Company as their own;

(8) shall not disclose confidential Company's information without authorization;

(9) shall not abuse their connected relationships to damage the Company's interests;

(10) other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, security regulatory rules for the place where the Company's shares are listed and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company. If losses are caused to the Company because of such violation, such director shall be liable for compensation.

Directors shall abide by laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed and the Articles of Association, and have the following diligent obligations to the Company:

(1) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(2) shall treat all shareholders fairly;

(3) shall maintain a timely awareness of the operation and management of the Company;

(4) shall sign written statements confirming the regular reports of the Company (subject to requirements of the Hong Kong Stock Exchange), and ensure that the information disclosed by the Company is true, accurate and complete;

(5) shall provide accurate information and materials to the Supervisory Committee and shall not obstruct the Supervisory Committee or individual supervisors from performing its or their duties;

(6) other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, security regulatory rules for the place where the Company's shares are listed and Articles of Association.

The duty of loyalty assumed by the directors shall not be automatically relieved within a reasonable period after the resignation report has not come into effect or has come into effect, and within a reasonable period after the end of the term of office. The duty of confidentiality of the Company's business secrets shall remain valid after the resignation report comes into effect or the end of the term of office, until the secrets become public information.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no director shall act in his own name on behalf of the Company or the Board of Directors. When a director acts in his/her own name, the director shall declare his/her position and identity in advance if the third-party reasonably believes that the director is acting on behalf of the Company or the Board of Directors.

Where any director or senior officer, in the course of his company duties, violates any law, administrative regulations or the Articles of Association and causes the Company to suffer a loss, shareholders individually or jointly holding more than 1% of the Company's Shares for more than 180 successive days may make a written request to the Supervisory Committee to bring a lawsuit in the people's court; where the Supervisory Committee, in the course of its company duties, violates any law, administrative regulations or the Articles of Association and causes the Company to suffer a loss, the aforementioned shareholders may make a written request to the Board of Directors to bring a lawsuit in the people's court.

Where the Supervisory Committee or the Board of Directors refuses to bring a lawsuit after receiving a written request from the shareholders prescribed in the preceding paragraph or fails to bring a lawsuit within 30 days of receiving such a request, or where the situation is so urgent that failure to bring a lawsuit will lead to irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph may bring a lawsuit directly in their own names for the benefit of the Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the competent court pursuant to the provisions of the preceding two paragraphs.

In the event of a Director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the competent court.

MODIFICATION OF THE ARTICLES OF ASSOCIATION

Our Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

Where the amendments to the Articles of Association passed by the General Meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE

The resolutions of the General Meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the shareholders (including proxies of Shareholders) attending the General Meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of Shareholders) attending the General Meeting.

VOTING RIGHTS

Shareholders (including proxy) shall exercise their voting rights according to the number of voting Shares they represent, and each share shall have one vote.

The General Meeting of Shareholders shall vote by open ballot. The same voting right can only choose one of on-site, online or other voting methods (if any). In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the General Meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention. The securities registration and clearing organization shall be the nominee holder of shares on the Interconnection Mechanism for Mainland and Hong Kong Stock Markets (if any), except where declaration is made in accordance with the actual holder's intent. When a shareholder is entitled to more than one vote, no matter he/she attends in person or by proxy, such shareholder needs not to cast his/her votes to all affirmative or all negative. Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an "abstention".

RULES ON GENERAL MEETINGS

The General Meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

ACCOUNTING AND AUDITS

Financial and accounting policies

Our Company shall develop its financial accounting policies pursuant to laws, administrative regulations and rules developed by the competent department.

The Company shall issue a consolidated annual financial audit report for the previous year within in four months of the end of the previous fiscal year, and interim report within the three months of the previous fiscal year.

The Company shall not establish other accounting books except for the statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

Appointment and dismissal of Accountants

The Company employs an accounting firm that complies with relevant national regulations to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year, and can be renewed.

The employment of accounting firms by the Company must be decided by the General Meeting. If the position of an appointed accounting firm is vacant, the Board of Directors may appoint an accounting firm, whose employment period can be renewed, before the start of next annual general meeting. However, if during the vacant period, our Company has other incumbent accounting firm, such accounting firm may take the vacant.

The Company shall guarantee to provide the accounting firm it employs with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The Company shall notify the accounting firm 10 days in advance when dismissing or no longer renewing the accounting firm. The accounting firm shall be allowed to state its opinions when the General Meeting votes on dismissing the accounting firm. If the accounting firm proposes to resign, it shall explain to the General Meeting whether the Company has any improper situation.

NOTICE AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS

The General Meeting is the authorized organ of our Company

Under any of the following circumstances, the Company shall convene an extraordinary General Meeting within two months:

(1) where the number of directors falls below the number prescribed in the Company Law or below two thirds of the number prescribed in the Articles of Association;

(2) where the Company's unfunded losses reach one third of total Share capital paid-in;

(3) where shareholders who individually or jointly hold no less than 10% of the Company's stock request holding of such a meeting under the "one-share, one-vote" principle;

(4) where the Board of Directors deems it necessary;

(5) where the Supervisory Committee proposes such a meeting;

(6) in any other circumstances prescribed by laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

If the Board of Directors agree to convene an extraordinary General Meeting, the notice of convening extraordinary General Meeting shall be issued within 5 days after the Board of Directors makes a resolution. With regard to the proposal of convening an extraordinary General Meeting made by the Supervisory Committee, if the Board of Directors made a rejection or does not respond within 10 days after receiving the proposal, it shall be viewed as the Board of Directors is unable to or fails to perform its meeting duty of convening the General Meeting and the Supervisory Committee may convene and preside over the meeting by its own.

Shareholders who separately or jointly hold 10% or more of the shares with voting rights under the "one-share, one-vote" principle may request the Board of Directors in writing to convene an extraordinary General Meeting. If the Board of Directors does not issue a notice of convening the meeting within 10 days after receiving the above written requirement, or refused to convene, the shareholders who make the request may request the Supervisory Committee in writing to convene the meeting. If the Supervisory Committee does not issue the notice about convening the meeting within 5 days after receiving the above written requirement, the shareholders who separately or jointly hold 10% or more of the shares with voting rights for more than 90 successive days could convene and preside the meeting by themselves.

If the General Meeting is convened, the Board of Directors, the Supervisory Committee and shareholders who separately or jointly hold more than 1% of the shares with voting rights under the "one-share, one-vote" principle of our Company may submit a proposal before the meeting.

The convener shall notify shareholders by announcement 21 days before the annual general meeting, and the extraordinary general meeting shall notify shareholders by announcement 15 days before the meeting. In calculating the advance notice period, the Company shall not include the day of the meeting.

The notice of a General Meeting includes the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals submitted to the meeting to review;

(3) explain in obvious words that all shareholders have the right to attend the general meeting of shareholders and may appoint a proxy in writing to attend the meeting and participate in the vote, and the shareholder proxy need not be a shareholder of the company;

(4) share registration date of the shareholders entitled to attend the general meeting;

(5) name and telephone number of the permanent contact person for conference affairs.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals, as well as all the materials or explanations required to enable the shareholders to make a reasonable judgment on the matters to be discussed. If the matter to be discussed needs the opinion of independent non-executive directors, the opinions and reasons of independent non-executive directors will be disclosed at the same time when the notice General Meeting or supplementary notice is issued.

The resolution of the General Meeting includes ordinary resolution and special resolution. The following matters shall be approved by the General Meeting through ordinary resolutions:

(1) work report of the Board of Directors and the Supervisory Committee;

(2) plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(3) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, and their payment and payment methods;

(4) annual report of the Company;

(5) appointment or dismissal of the accounting firm, and their enumeration or payment methods;

(6) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, other securities regulatory rules of the place where the company's shares are listed, the Articles of Association or the rules of procedure for General Meeting.

The following matters shall be approved by special resolution at the General Meeting:

(1) the increase or reduction of the registered capital;

(2) the division, spin-offs, mergers, dissolutions and liquidation of the Company;

(3) the amendment to the Articles of Association;

(4) to review and approve the purchases or sell of material assets by the Company within 12 consecutive months or the guarantee amount exceeds 30% of the latest audited total assets of the Company;

(5) to review the Company's employee equity incentive plan;

(6) other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed, and the Articles of Association, as well as other matters that the general meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

If any resolution of the General Meeting or resolution of the Board of Directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

If the convening procedure or voting formula of the General Meeting or meeting of the Board of Directors violates any of laws, administrative regulations or the Articles of Association, or resolution of which violates the Articles of Association, any shareholder is entitled to ask the court to overturn within 60 days after the resolution was adopted unless the defects in the procedures to convene the shareholders' General Meeting or the meeting of the Board of Directors or the voting methods are minor and have not caused any substantial impacts on the resolutions.

Any shareholder who is not notified to attend the shareholders' General Meeting may, within sixty days from the date when they knew or should have known that the resolution of the shareholders' General Meeting had been made, request the People's Court to revoke it, in which case, if the right of revocation is not exercised within one year from the date when the resolution was made, the right to revoke shall be extinguished.

SHARE TRANSFERS

The shares issued before the public issuance of shares by our Company shall not be transferred within one year of the date on which the stocks of our Company are listed and traded on a securities exchange.

The Directors, Supervisors, and senior management of our Company shall declare, to our Company, information on their holdings of the shares of our Company and the changes thereto. The shares transferrable by them during each year of their term of office as determined when they took office shall not exceed 25 percent of their total holdings of the Shares of our Company. The Shares that they hold in our Company shall not be transferred within one year of the date on which the stocks of our Company are listed and traded. The aforesaid persons shall not transfer their Shares of our Company within half a year from the date of their resignation.

Where any Director, Supervisor or senior manager of the Company who holds more than 5% of the Company Shares sells company's stock he holds within 6 months of the relevant purchase, or purchases any stock he has sold within 6 months of the relevant sale, the proceeds generated therefrom shall be incorporated into the proceeds of the Company, and the Board of Directors of the Company shall reclaim the proceeds. However, the following circumstances shall be excluded where a securities company holds more than 5% of the shares due to its purchase of any remaining Shares under best efforts offerings or where the provisions of the CSRC are apply.

Shares or other securities with the nature of equity held by Directors, Supervisors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts. If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

RIGHTS OF OUR COMPANY TO PURCHASE OUR OUTSTANDING ISSUED SHARES

The Company shall not repurchase of its Shares. However, exceptions are made in any of the following cases:

(1) to reduce the registered capital of the Company;

(2) to merge with other companies that hold shares in the Company;

(3) to use the shares for employee shareholding schemes or as share incentives;

(4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;

(5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;

(6) to safeguard corporate value and shareholders' equity as the Company deems necessary.

The Company may purchase its own Shares through public centralized trading, or through other means recognized by the laws, administrative regulations, or the CSRC. Where the Company purchases its own Shares under any of the circumstances specified in Items 3, 5, or 6 of Article 23 of the Articles of Association, centralized trading shall be adopted publicly.

POWER FOR ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT

There are no provisions in the Articles of Association relating to ownership by subsidiary of our Company of Shares in its parent.

DIVIDEND AND OTHER DISTRIBUTION METHODS

The Company attaches importance to the reasonable return on investment to shareholders, and the profit distribution should follow the principle of paying attention to the reasonable return on investment to shareholders and benefiting the long-term development of the Company. The Company's profit distribution policy should maintain continuity and stability, and comply with the relevant provisions of laws and regulations. The Company may distribute dividends in cash or stock.

SHAREHOLDER PROXIES

Shareholders can attend the General Meeting in person or entrust a proxy to attend and vote on their behalf.

Any proxy statement issued by a shareholder who authorizes a proxy to attend the General Meeting on his behalf shall include the following details:

(1) the name of the proxy;

(2) whether the proxy is authorized to vote;

(3) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the General Meeting agenda;

(4) the issuance date and valid period of the proxy statement;

(5) the signature (or seal) of the shareholder.

The power of attorney shall indicate whether the shareholder's proxy can vote according to his own will if the shareholder does not give specific instructions.

The proxy statement shall be kept at the company's domicile or other place specified in the meeting notice at least 24 hours before the relevant meeting is convened or a designated voting time. Where a shareholder authorizes another person to sign a proxy statement for voting, the power of attorney for signing authority or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall be lodged at

the Company's domicile or any other place stipulated in the meeting notice. Where the shareholder is a legal person, its legal representative or any person authorized by a resolution of the Board of Directors or other decision-making body shall attend the General Meeting as its proxy.

If a member is a recognized clearing house (or its agent) as such term is defined in the relevant regulations from time to time in Hong Kong, it may authorize one or more persons as it thinks fit to act as its representative at any general meeting. Provided, however, that if more than one person is so authorized, the powers of attorney shall set forth the number and class number of shares in respect of which each such person has so authorized. A person so authorized may attend (without production of share certificate by notarial authority and/or further evidence of due authority) and exercise all rights (including the right to speak and vote) on behalf of a recognized clearing house (or its alternate) as if that person were an individual shareholder of the Company.

REVIEW THE REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company establishes the register of shareholders according to the certificate provided by the securities registration authority. The register of Shareholders is sufficient evidence to prove that the shareholders hold the Company's Shares unless there is evidence to the contrary. Shareholders enjoy rights and assume obligations according to the types of shares they hold. Shareholders holding the same kind of Shares shall enjoy the same rights and undertake the same obligations.

When our Company convenes the General Meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of identities, the Board of Directors or the convener of the General Meeting shall determine the shareholders who enjoy the relevant rights and interests according to the register of shareholders.

RESTRICTIONS ON RIGHTS OF CONTROLLING SHAREHOLDERS

The controlling shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company and other shareholders. Controlling shareholders and actual controllers who violate relevant laws, regulations and Articles of Association and cause losses to the Company and other shareholders shall be liable for compensation.

Controlling shareholders and ultimate controllers of the Company shall have a duty of good faith to the Company and other shareholders. Controlling shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of the Company or of public shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the use of Company's funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of public shareholders.

PROCEDURES FOR LIQUIDATION

The Company shall be dissolved in accordance with the law under any of the following circumstances:

(1) the term of business operation expires (if applicable) or other circumstances as stipulated by the Articles of Association;

(2) the general meeting resolves to dissolve the Company;

(3) dissolution is necessary as a result of the merger or division of the Company;

(4) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws;

(5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is to be dissolved pursuant to Items (1), (2), (4) or (5) of above paragraph of this Article, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs. The liquidation committee shall be composed of Directors or members determined by the General Meeting. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time, its creditors may petition the people's court to appoint the relevant persons to establish a liquidation committee and liquidate the Company. The liquidation committee members shall be liable for compensation to the company if they fail to fulfill their obligations of liquidation, and shall be liable for compensation to the creditors due to their deliberation or gross negligence.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified, and an announcement shall be published within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the first notice if any such creditor does not receive the notice.

In filing their claims, creditors shall provide all relevant details relating thereto and provide supporting materials. The liquidation committee shall make records of such claims. The liquidation committee shall not pay out on any creditors' claims while such claims are still being filed.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the General Meeting or the people's court for ratification. After paying all liquidation expenses, staff wages and labor insurance expenses, outstanding taxes, and Company's debts, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall file a bankruptcy petition with the people's court in accordance with the law.

After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon closure of liquidation of our Company, the liquidation committee shall prepare a liquidation report, which shall be submitted to our General Meeting or the people's court for confirmation. The liquidation committee shall, from the date of the confirmation of the liquidation report by the General Meeting or the people's court, submit it to the company registration authority to apply for cancellation of the Company's registration and announce the termination of the Company.

OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS

General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of the company are divided into shares of equal value. The shareholders are responsible for the Company to the extent of their subscribed Shares, and the Company is responsible for the Company's debts with all its assets.

The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations as between the Company and the shareholders and among the shareholders, and shall be legally binding on the Company, the shareholders, the Directors, the Supervisors and senior officers. Based on the Articles of Association, any shareholder may

bring a lawsuit against another shareholder, a Director, a Supervisor, a manager or any other senior officer. Any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, Director, Supervisor, manager or any other senior management.

Share and Transfer

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the general meeting, by any of the following methods:

(1) a public offering of shares;

(2) a private placement of shares;

(3) allotment of bonus shares to existing shareholders;

(4) conversion of reserve funds to share capital;

(5) other methods permitted by laws, administrative regulations and the CSRC, etc.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, as well as the Articles of Association.

Shareholders

Shareholders are entitled to rights and assumes obligations pursuant to the classification and ratio of their shares. Shareholders holding the same classified shares have the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(1) the right to dividends and other distributions in proportion to the number of shares held;

(2) the right to apply for, convene, preside, attend or appoint proxies to attend general meetings and to exercise the corresponding right to speak and vote;

(3) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

(4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(5) the right to inspect the Articles of Association, Register of Shareholders, corporate bond stubs, minutes of general meetings, resolutions of the Board of Directors and resolutions of the Supervisory Committee and accounting reports;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase shares held;

(8) other rights provided for by laws, administrative regulations, departmental rules or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

Shareholders of the Company shall have the following obligations:

(1) to abide by laws, administrative regulations and the Articles of Association;

(2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(3) not to return shares unless prescribed otherwise in laws and administrative regulations;

(4) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors; Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law; Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts;

(5) to assume other obligations required by laws, administrative regulations and the Articles of Association.

The Board of Directors

The Board of Directors shall exercise the following functions and powers:

(1) to convene general meetings and report to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the Company's profit distribution plans and plans on making up losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;

(7) to formulate plans for the Company's major acquisition, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;

(8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions and donations of the Company within the scope of authorization by the general meeting;

(9) to decide on establishment of internal management organs of the Company;

(10) to decide on the appointment or dismissal of the Company's general manager, secretary of the board and other members of the senior management and decide on matters of their remuneration and rewards and punishments. According to the nomination of the general manager, decide to appoint or dismiss the Company's deputy general manager, financial officer and other senior management, and decide on matters of their remuneration, rewards and punishments;

(11) to formulate the basic management system of the Company;

(12) to formulate proposals to amend the Articles of Association;

(13) to manage the Company's disclosures;

(14) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;

(15) to listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company;

(16) other functions and powers provided for in laws, administrative regulations, department regulations and the Articles of Association.

Matters beyond the scope of authorization of the General Meeting shall be submitted to the General Meeting for deliberation.

Except as otherwise provided in the Articles of Association, meetings of the Board of Directors shall be held only if more than one half of the directors are present.

Independent Non-executive Director

The board of directors of the Company has four independent non-executive directors.

Secretary of the Board of Directors

The Company shall appoint a secretary of the Board of Directors, who shall be responsible for preparing for General Meetings and meetings of the Board of Directors, the retention of documents, the management of Shareholder materials, etc.

Supervisory Committee

Our Company shall set up a Supervisory Committee.

The Supervisory Committee consists of three Supervisors. The chairman of the Supervisory Committee shall be elected by majority of all Supervisors.

The Supervisory Committee shall be composed of shareholder representatives and an appropriate proportion of company employee representatives. The number of employee representatives shall be no less than one third of all Supervisors. Employee representatives on the Supervisory Committee shall be democratically elected by employees through the employee representative congress, the employee congress, or any other means.

The Supervisory Committee shall exercise the following functions and powers:

(1) to examine the Company's financial matters;

(2) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

(3) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

(4) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings in accordance with the Company Law;

(5) to submit proposals to the general meetings;

(6) to file lawsuits against directors and senior management on behalf of the Company in accordance with the Company Law;

(7) in case of any queries or any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;

(8) any other power granted by laws, administrative regulations, departmental rules, the Articles of Association and other internal rules of the Company.

The Supervisors may attend the meetings of the Board of Directors, query or provide suggestions on the resolution matters of the Board meeting.

General Manager

Our Company has one general manager, appointed or dismissed by the Board of Directors.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to draft plans for the establishment of the Company's internal management department;

(4) to draft the Company's fundamental management policies;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors appointment or dismissal of deputy general manager, vice president, chief financial officer or the other senior managers of the Company;

(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(8) such other functions and powers conferred by the Articles of Association or the Board of Directors.

Reserves

In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of statutory reserve funds therein exceeds 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the General Meeting, an allocation may be made to the discretionary reserve fund.

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings unless otherwise stipulated in the Articles of Association.

Where the General Meeting, in violation of the preceding paragraph, distributes profits to the shareholders before covering Company's losses and making an allocation to the Company statutory reserve fund, the profits so distributed must be returned to the Company.

Profits shall not be distributed to Shares held by the Company itself.

Company reserve funds shall be used to cover Company's losses, expand production and operations, or converted to increase the Company's capital. Where the reserve funds of the Company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be used first. If such losses still cannot be made up after discretionary reserve fund and statutory reserve fund are used up, the capital reserve fund can be used.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital before such conversion.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a joint stock company with limited liability under the laws of the PRC on November 2, 2017. As of the Latest Practicable Date, the registered share capital of our Company was RMB322,955,818 divided into 322,955,818 Shares with a nominal value of RMB1.00 each.

Our Company has established a principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 6, 2024. Ms. WONG Wing Yee (黃詠儀), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of our Company

On November 2, 2017, our Company was incorporated as a joint stock company with limited liability under the laws of the PRC with an initial registered capital of RMB110,000,000.

On January 15, 2024, the registered capital of our Company increased from RMB303,588.938 to RMB322,955,818.

For further details, see "History, Development and Corporate Structure" in this prospectus. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of our Subsidiaries

Our subsidiaries as of the Latest Practicable Date are set out in note 1 to the Accountants' Report. The following sets out changes in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus:

Shanghai Yabao

On March 14, 2023, the registered capital of Shanghai Yabao increased from RMB10,000,000 to RMB40,000,000, with the additional registered capital subscribed for by our Company.

Zhengzhou TYK

On January 10, 2023, the registered capital of Zhengzhou TYK increased from RMB30,000,000 to RMB45,000,000, with the additional registered capital subscribed for by our Company.

TYK USA

On May 16, 2023, TYK USA was incorporated under the laws of the State of New Jersey, the United States, as a corporation with an issued share capital of USD1,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Shareholders held on January 17, 2024, the following resolutions, among others, were passed by our Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and that such H Shares be listed on the Hong Kong Stock Exchange;

(b) that the number of H Shares to be issued shall not be more than 20% of the total issued share capital of our Company as enlarged by the Global Offering;

(c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board to handle all relevant matters relating to, among other things, the issue and listing of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the cornerstone investment agreement dated August 8, 2024 entered into among our Company, Changxing Xingchang Industrial Investment Partnership (Limited Partnership) (長興興長產業投資合夥企業(有限合夥)), CITIC Securities (Hong Kong) Limited (中信證券(香港)有限公司) and CLSA Limited (中信里昂證券有限公司) in the aggregate amount of Hong Kong dollar equivalent to US$26,324,209, details of which are set out in the section headed "Cornerstone Placing" in this prospectus; and

(b) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks, which we consider to be material to our business:

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1. . .	Our Company	33663386	PRC	euracor	5	June 21, 2019 to June 20, 2029
2. . .	Our Company	42490357	PRC	TYK	42	December 14, 2020 to December 13, 2030
3. . .	Our Company	42496538	PRC	TYK	35	November 28, 2020 to November 27, 2030
4. . .	Our Company	42499838	PRC		5	September 7, 2020 to September 6, 2030
5. . .	Our Company	42501306	PRC	TYK	44	September 7, 2020 to September 6, 2030

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
6. . .	Our Company	42507477	PRC	TYK medicines	5	September 14, 2020 to September 13, 2030
7. . .	Our Company	42507515	PRC	TYK medicines	44	September 14, 2020 to September 13, 2030
8. . .	Our Company	42508657	PRC		44	September 21, 2020 to September 20, 2030
9. . .	Our Company	42511903	PRC	TYK	5	September 14, 2020 to September 13, 2030
10. .	Our Company	42512004	PRC	TYK medicines	44	September 14, 2020 to September 13, 2030
11. .	Our Company	42513625	PRC	TYK medicines	5	September 7, 2020 to September 6, 2030
12. .	Our Company	42517228	PRC	TYK medicines	42	November 28, 2020 to November 27, 2030
13. .	Our Company	42518777	PRC	TYK medicines	35	December 7, 2020 to December 6, 2030
14. .	Our Company	49320001	PRC	TYK medicines	5	April 7, 2021 to April 6, 2031
15. .	Our Company	68058093	PRC	Kardorisso	5	May 14, 2023 to May 13, 2033
16. .	Our Company	70733767	PRC	康多沙	5	September 21, 2023 to September 20, 2033
17. .	Our Company	70760051	PRC	卡达沙	5	September 21, 2023 to September 20, 2033
18. .	Our Company	70745891	PRC	优达沙	5	September 21, 2023 to September 20, 2033
19. .	Our Company	70738212	PRC	奎瑞沙	5	September 21, 2023 to September 20, 2033

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
20. .	Our Company	70762447	PRC	优多沙	5	September 21, 2023 to September 20, 2033
21. .	Our Company	70738199	PRC	泰优萨	5	September 21, 2023 to September 20, 2033
22. .	Our Company	306401781	Hong Kong	(A)  (B)  (As a series of marks)	5 and 42	November 16, 2023 to November 15, 2033
23. .	Our Company	306403969	Hong Kong	(A) 同源康醫藥 (B) 同源康醫藥 (As a series of marks)	5 and 42	November 20, 2023 to November 19, 2033
24. .	Our Company	306403950	Hong Kong	(A) TYK medicines (B) TYK medicines (As a series of marks)	5 and 42	November 20, 2023 to November 19, 2033

Patents

See "Business — Intellectual Property" in this prospectus for registered patents which we consider to be material to our business as of the Latest Practicable Date.

Domain Name

As of the Latest Practicable Date, we have registered the following domain name which we consider to be material to our business:

No.	Owner	Domain name	Registration date	Expiry date
1. . .	Our Company	tykmedicines.com	July 24, 2019	July 24, 2025

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the Global Offering, so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name	Position	Nature of interest	Type of Shares	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares after the Global Offering[1]	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering[1]
					(%)	*(%)*
Dr. Wu[2]	Chairperson of our Board, executive Director and chief executive officer	Interest in controlled corporations	H Shares	45,937,500	23.85	12.39
			Unlisted Shares	85,312,500	47.86	23.01
Dr. GU Eric Hong (顧虹)[3] . . .	Non-executive Director	Interest in controlled corporations	H Shares	2,887,500	1.50	0.78
			Unlisted Shares	5,362,500	3.01	1.45
Mr. HE Chao (何超)[4] . . .	Non-executive Director	Interest in controlled corporations	H Shares	6,791,629	3.53	1.83
			Unlisted Shares	12,613,025	7.08	3.40
Dr. DING Zhao (丁兆)[5] . . .	Non-executive Director	Interest in controlled corporations	H Shares	3,664,004	1.90	0.99
			Unlisted Shares	6,804,580	3.82	1.83

Notes:

(1) The calculation is based on the total number of 178,249,645 Unlisted Shares in issue and 192,586,173 H Shares in issue upon Listing.

(2) Tetranov Pharmaceutical beneficially owns 35,000,000 H Shares and 65,000,000 Unlisted Shares. As of the Latest Practicable Date, Tetranov Pharmaceutical was held as to approximately 30.66% by Dr. Wu, approximately 20.15% by Zhengzhou Hongnuo and approximately 3.02% by Zhengzhou Derui, respectively. Zhengzhou Hongnuo is managed by its executive partner, Huzhou Derui, which is in turn owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu. As such, under the SFO, Dr. Wu is deemed to be interested in the 35,000,000 H Shares and 65,000,000 Unlisted Shares held by Tetranov Pharmaceutical.

Changxing Liyuan beneficially owns 7,934,500 H Shares and 14,735,500 Unlisted Shares. As of the Latest Practicable Date, Changxing Liyuan is managed by its executive partner, Zhengzhou Derui, which is wholly owned by Dr. Wu.

Each of Changxing Caiyuan and Changxing Gangyuan is our ESOP Platform. Changxing Caiyuan beneficially owns 1,323,000 H Shares and 2,457,000 Unlisted Shares. Changxing Gangyuan beneficially owns 1,680,000 H Shares and 3,120,000 Unlisted Shares. As of the Latest Practicable Date, each of Changxing Caiyuan and Changxing Gangyuan is managed by its executive partner, Huzhou Derui, which is owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu.

As such, under the SFO, Dr. Wu is also deemed to be interested in (i) the 7,934,500 H Shares and 14,735,500 Unlisted Shares held by Changxing Liyuan; (ii) the 1,323,000 H Shares and 2,457,000 Unlisted Shares held by Changxing Caiyuan; and (ii) the 1,680,000 H Shares and 3,120,000 Unlisted Shares held by Changxing Gangyuan.

(3) Pivot Pharma Tech (Shanghai) Co., Ltd. (貝沃特醫藥技術(上海)有限公司)("**Pivot Pharma**") beneficially owns 2,887,500 H Shares and 5,362,500 Unlisted Shares. Pivot Pharma is wholly owned by Dr. GU Eric Hong (顧虹). As such, under the SFO, Dr. GU Eric Hong is deemed to be interested in 2,887,500 H Shares and 5,362,500 Unlisted Shares held by Pivot Pharma.

(4) Houji Tongnuo beneficially owns 4,951,317 H Shares and 9,195,302 Unlisted Shares. Houyang Tongchi beneficially owns 1,840,312 H Shares and 3,417,723 Unlisted Shares. As of the Latest Practicable Date, each of Houji Tongnuo and Houyang Tongchi is managed by its executive partner, Houji Jingqiao, which is in turn wholly owned by Rongchen Houji. Rongchen Houji is owned as to approximately 85.42% by Mr. HE Chao (何超), our non-executive Director. As such, under the SFO, Mr. HE Chao (何超) is deemed to be interested in (i) the 4,951,317 H Shares and 9,195,302 Unlisted Shares held by Houji Tongnuo; and (ii) the 1,840,312 H Shares and 3,417,723 Unlisted Shares held by Houyang Tongchi.

(5) Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) ("**Huiyu Pharmaceutical**") beneficially owns 3,664,004 H Shares and 6,804,580 Unlisted Shares. Huiyu Pharmaceutical is controlled by Dr. DING Zhao (丁兆). As such, under the SFO, Dr. DING Zhao (丁兆) is deemed to be interested in 3,664,004 H Shares and 6,804,580 Unlisted Shares.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders" in this prospectus.

Save as set out below, our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive) who will, immediately following completion of the Global Offering, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company:

Our subsidiary	**Total registered capital**	**Person with 10% or more interest**	**Approximate percentage of the interest in the subsidiary**
	(RMB)		*(%)*
Changxing Kangyuan.	20,000,000	Changxing Xingkang Equity Investment Partnership Enterprise (Limited Partnership) (長興興康股權投資合夥企業(有限合夥))	30.00

3. Service Contracts

Each of our Directors and Supervisors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

Save as disclosed above, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors and Supervisors

Save as disclosed in the section headed "Directors, Supervisors and Senior Management" in this prospectus and note 10 to the Accountants' Report for the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Employee Incentive Scheme

We have adopted the Employee Incentive Scheme. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of Shares or the grant of options by our Company to subscribe for the Shares after the Listing. Given the underlying Shares under the Employee Incentive Scheme have already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Scheme.

(a) Purpose

The purpose of the Employee Incentive Scheme is to improve the long-term incentive mechanism of our Company in order to enhance the enthusiasm and innovation of our employees, enable our Company to attract and retain high-end talents and promote our Company's continued growth.

(b) Administration

Pursuant to the Articles of Association and the Employee Incentive Scheme rules, our Board is responsible for reviewing and approving the implementation, alteration and termination of the Employee Incentive Scheme. Our Board has further established an employee equity incentive scheme daily management working committee (the "**Employee Incentive Scheme Working Committee**"), whose members are appointed at the sole discretion of our Board, to assist in the implementation of the Employee Incentive Scheme and carry out other matters delegated by our Board.

(c) Participants

The participants of the Employee Incentive Scheme include senior managers, key mid-level managers and core technical personnel of our Company as well as key employees with outstanding contributions who have been nominated by the chairman and approved by the Employee Incentive Scheme Working Committee (the "**Participants**").

(d) Grant of Incentive Awards

We have established two employee incentive platforms, namely Changxing Caiyuan and Changxing Gangyuan, to implement the Employee Incentive Scheme. As of the Latest Practicable Date, our ESOP Platforms held in aggregate 8,580,000 Shares, representing approximately 2.31% of the share capital of our Company. For details of our ESOP Platforms, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this prospectus.

The Participants subscribe for limited partnership interests from the ESOP Platforms (the "**Incentive Awards**"), thereby indirectly holding the Shares in our Company by virtue of their capacity as a limited partner of the relevant ESOP Platform. All Participants agree that Huzhou Derui, the executive partner of the employee incentive platforms, shall exercise the voting rights attached to the Shares held by the employee incentive platforms.

Having comprehensively considered various factors such as position, number of years employed at our Company, salary and contribution to our Company, the Employee Incentive Scheme Working Committee determines the identities of the Participants, the amount of Incentive Awards and subscription price of the Incentive Awards (the "**Subscription Price**"). The Participants then sign an equity incentive agreement with the Company, contribute the corresponding Subscription Price to the relevant ESOP Platform as capital contributions, and sign a Partnership Agreement with Huzhou Derui and the other limited partners of the relevant ESOP Platform.

(e) Subscription Price of the Incentive Awards

The Subscription Price is based on the post-investment valuation of the latest round of financing prior to the date of grant, while adjustments may be made by the Employee Incentive Scheme Working Committee at its discretion. The subscription price shall be paid by the Participants out of their own funds.

(f) Redemption of the Incentive Awards

After the Company is listed and the lock-up period of the Incentive Awards expires, our Company intends to arrange for the ESOP Platforms to reduce its equity interests in our Company no less than three times per year. The Participants may request to reduce their shareholdings according to the relative shareholding ratio, and the consideration (after deduction of costs, transaction fees and taxes) from such sales of equity interest in our Company will be distributed to the Participants.

Where the Participant's employment relationship with our Company terminates without misconduct during the lock-up period, or where the Participant applies to redeem his equity interest in the ESOP Platform, the relevant Participant shall, with the consent of the Employee Incentive Scheme Working Committee and at the exit price calculated pursuant to the Employee Incentive Scheme, (i) transfer all of his equity interest in the ESOP Platform to the executive partner or any third party approved by the Employee Incentive Scheme Working Committee or (ii) withdraw the capital contribution corresponding to the partnership interest held by him in the ESOP Platforms upon which the executive partner or any third party approved by the Employee Incentive Scheme Working Committee shall make the corresponding capital contribution to the ESOP Platform.

(g) Details of the Incentive Awards Granted Under the Employee Incentive Scheme

As of the Latest Practicable Date, there is an aggregate number of 59 Participants holding partnership interests in the ESOP Platforms, and all of the awards under the Employee Incentive Scheme have been fully granted and vested. Details of the Incentive Awards granted to Directors, Supervisors or senior management under the Employee Incentive Scheme are set out below:

Name	Position	Relevant ESOP Platforms	Approximate Partnership Interests of the ESOP Platforms	Approximate Number of Shares Corresponding to the Incentive Awards Held by the Participant	Approximate Shareholding Percentage Corresponding to the Incentive Awards Held by the Participant in the Total Number of Shares in Issue Immediately Prior to the Global Offering	Approximate Shareholding Percentage Corresponding to the Incentive Awards held by the Participant in the Total Number of Shares in Issue Immediately after the Global Offering
Dr. JIANG Mingyu (蔣鳴昱)	Executive Director, vice president, Board secretary and joint company secretary	Changxing Caiyuan	23.16%	875,522	0.27%	0.24%
		Changxing Gangyuan	13.01%	624,478	0.19%	0.17%
Dr. CHEN Shaoqing (陳少清)	Senior vice president of the medicinal chemistry department	Changxing Caiyuan	0.58%	21,940	0.01%	0.01%
		Changxing Gangyuan	16.21%	778,060	0.24%	0.21%
Mr. CHEN Xiugui (陳修貴)	Senior vice president of the clinical and registration department	Changxing Caiyuan	43.17%	1,631,640	0.51%	0.44%
		Changxing Gangyuan	13.92%	668,360	0.21%	0.18%

Name	Position	Relevant ESOP Platforms	Approximate Partnership Interests of the ESOP Platforms	Approximate Number of Shares Corresponding to the Incentive Awards Held by the Participant	Approximate Shareholding Percentage Corresponding to the Incentive Awards Held by the Participant in the Total Number of Shares in Issue Immediately Prior to the Global Offering	Approximate Shareholding Percentage Corresponding to the Incentive Awards held by the Participant in the Total Number of Shares in Issue Immediately after the Global Offering
Dr. NIU Chengshan (牛成山)	Chairperson of the Supervisory Committee; employee representative Supervisor; senior director of the medicinal chemistry department	Changxing Gangyuan	4.17%	200,000	0.06%	0.05%
Dr. LIANG Apeng (梁阿朋)	Employee representative Supervisor; director of the medicinal chemistry department	Changxing Gangyuan	7.29%	350,000	0.11%	0.09%

6. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in the paragraph headed "— Other Information — 5. Qualification of Experts" in this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; and

(d) so far as is known to our Directors, none of our Directors or Supervisors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim which have a material operational or financial impact on our Group, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sponsor's fee in connection with the Global Offering is US$500,000, among which US$200,000 has been paid and US$300,000 is payable by the Company to the Sole Sponsor as of the Latest Practicable Date.

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this prospectus are as follows:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
JunHe LLP	Legal adviser to our Company as to PRC laws
	Legal adviser to our Company as to PRC and U.S. intellectual property laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
AVISTA Valuation Advisory Limited	Independent property valuer

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see "Appendix IV — Taxation and Foreign Exchange" to this prospectus.

(2) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in the financial or trading position of our Company since March 31, 2024.

9. Promoters

The promoters of our Company are the then two shareholders of our Company at the time of establishment of our Company on November 2, 2017, namely Tetranov Pharmaceutical and Pivot Pharma Tech (Shanghai) Co., Ltd. (貝沃特醫藥技術(上海)有限公司). Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

10. Restrictions on Repurchase

For details, see "Appendix V— Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of Articles of Association" to this prospectus.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this prospectus:

(a) within the two years preceding the date of this prospectus, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about the Business of Our Company — 1. Summary of Material Contracts" in this prospectus; and

(ii) the written consents referred to in the paragraph headed "Appendix VII — Statutory and General Information — Other Information — 6. Consents" in this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.tykmedicines.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2022 and 2023 and the three months ended March 31, 2024;

(d) the report prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the industry report issued by Frost & Sullivan referred to in the section headed "Industry Overview" in this prospectus;

(f) the PRC legal opinions issued by JunHe LLP, our legal adviser as to PRC laws, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the intellectual property legal opinions prepared by JunHe LLP, our legal adviser as to PRC and U.S. intellectual property laws, in respect of intellectual property of our Group;

(h) the property valuation report prepared by AVISTA Valuation Advisory Limited, the text of which is set out in Appendix III to this prospectus;

(i) the material contracts referred to in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about the Business of Our Company — 1. Summary of Material Contracts" in this prospectus;

(j) the service contracts referred to in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts" in this prospectus;

(k) the written consents referred to in the paragraph headed "Appendix VII — Statutory and General Information — Other Information — 6. Consents" in this prospectus; and

(l) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies issued by the CSRC together with unofficial English translations thereof.

浙江同源康醫藥股份有限公司

TYK Medicines, Inc